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Magnolia Gates

578 NORTH CHURCH STREET, SPARTANBURG SC

BY: AIMEE ADAMS, MARK CROWLEY, JASON HULL

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Development Team



Aimee Adams Chesapeake, VA
Old Dominion; Civil Engineering

Has over a decade of commercial real estate project management experience, including multi-family, mixed-use, retail, and office with Crosland, LLC and on the Bank of America account with Lincoln Harris.



Mark Crowley: Delano, MN
Iowa State University; Business Economics, Finance

Previous investment industry experience through internships at both sell side investment research firms and buy side portfolio management firms Management, in Minneapolis, MN.



Jason Hull: Greensboro, NC
University of North Carolina at Chapel Hill; Economics, Political Science

Prior experience in multi-family and built-to-suit retail development in NC, SC, and GA. Former varsity tennis player at Appalachian State University prior to transferring to UNC Chapel Hill as a sophomore. Desire to pursue a career in commercial real estate development and investment.



JAM Properties LLC

Introduction and History

578 NORTH CHURCH STREET, SPARTANBURG SC

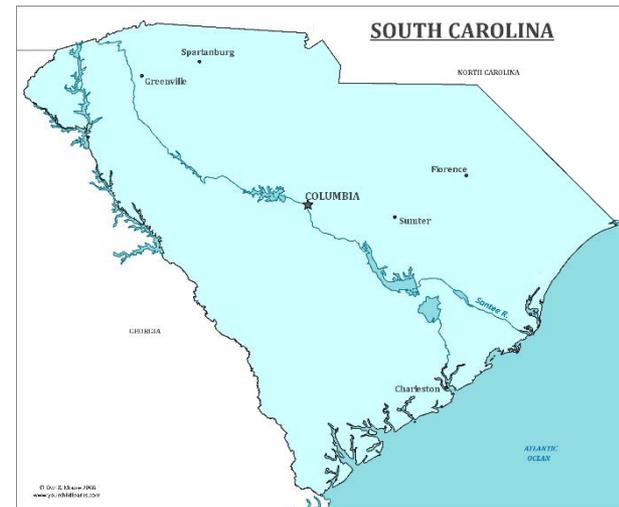
Introduction: Development Proposal

Proposed Elements

- 14 For Sale Townhomes
- 24 Apartment Units
- 8,640 SF Retail Space
- 4,910 SF Restaurant Space
- 2,856 SF Renovated Fire House
- 7,000 SF Plaza
- 1 Story Elevated Parking Ramp



Introduction: Geographic Location



The site is located at 578 North Church Street within the city of Spartanburg South Carolina. Spartanburg is in the northern portion of the state and is within a collection of 10 counties known as the upstate.

Spartanburg is located approximately 30 miles east of Greenville, 70 miles west of Charlotte, 170 miles east of Atlanta, 60 Miles south of Ashville North Carolina, 90 miles north of the capitol Columbia and 210 miles north of the coastal city of Charleston.

Spartanburg's location within 2 hours of Atlanta, Charlotte, and Columbia makes it very attractive to businesses doing busy in each of those cities.

Introduction: Subject Site

Primary Address: 578 N
Church Street Spartanburg
SC, 29303

Land Area: 2.2 Acres

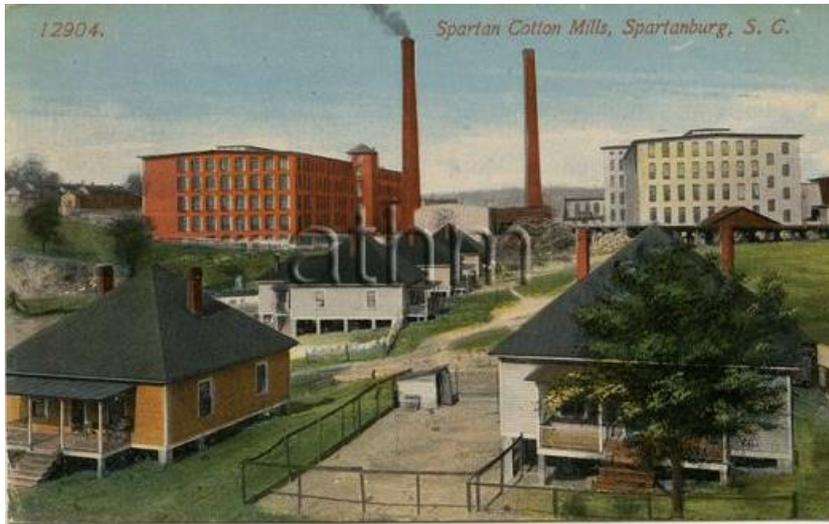
Tax Id#: 7-12-01-174.00

Zoning: D-T5



History: Northside/Spartan Mill

This tract lies within the Northside neighborhood of Spartanburg, the area was originally home to the Spartan Mill that began operations in 1890 with thirty thousand spindles and eleven hundred looms, making it the largest mill in the state at that time. In addition to the factory, 150 mill homes were built in a surrounding village called Montgomeryville. In 1896 a second mill was constructed with a capacity of 40,000 spindles and the new capability of producing narrow print cloth. After years of layoffs and downsizing Spartan Mill officially ceased operations on May 4th 2001, laying off 1200 workers. At its peak in 1988, 5,500 people were employed by Spartan Mills. The area has struggled since the mill closed suffering from low-incomes and reduced levels of economic activity, large portions are blighted and have been abandoned by their owners.



History: Subject Site

The parcel on the corner of Pearl and Magnolia was originally constructed as Fire Station #3 (referenced in Sanborn maps as #2 after the original #2 station closed in 1931), AKA the Pearl Street Fire Station, and was placed into service on November 12, 1926. Although it is unclear when the fire station was decommissioned, it's known to have been used to house some of the city's original fire trucks in the late 1950s, prior to their sales. The new Fire Station #3 land was purchased in 1977, and the city sold this parcel in 1978, so we can reasonably assume that is the timeline for the closing of the station.

The parcel on the corner of N Church and Pearl Street was the home to the city of Spartanburg's standpipe that supplied water to the city for several decades. It's unclear when the standpipe was demolished, but it is believed to be in the early 1950s. The current building, constructed in 1956, then housed a Simple Simon Diner and later a Jed's Diner before being converted to its current use.



Pearl Street Fire Station, 1959
City of Spartanburg Historic Collection



Sunshine Inn, 2014
GoUpstate.com Publication

The Sunshine Inn occupied the remainder of the site for several decades, before becoming run down and a den for drug use and prostitution. The building was demolished in 2014.

Site Analysis

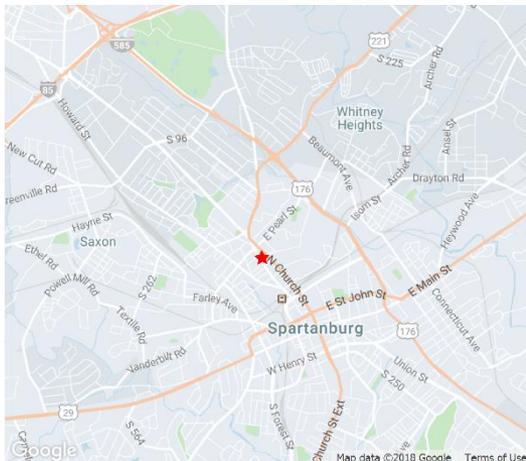
578 NORTH CHURCH STREET, SPARTANBURG SC

Site Analysis: Property Overview

According to Spartanburg GIS and our title search, the subject site is an approximately 2.2 acre tract consisting of six separate tax parcels. The tract is bordered by North Church Street on the northeast border, Pearl Street on the northwest, Magnolia on the southeast. Directly to the southeast bordering the property is a credit union.

There are two buildings currently on the property. One is an approximately 2,856 square foot historic fire station and the other is an approximately 3,254 square foot convenience store and Money Tree check cashing facility with an adjoining parking area.

The remainder of the site is an open, grassy area bordered by curb and sidewalk along the Church Street and Magnolia Street frontages



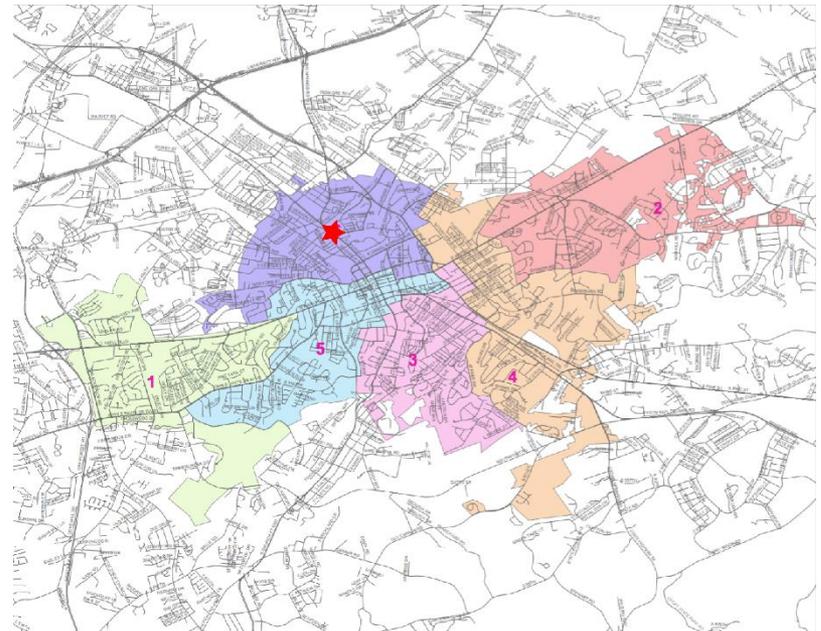
Site Analysis: Political Structure

According to the Spartanburg City web site, Spartanburg consists of six City Council districts, each represented by a Council member, who serve staggered 4-year terms. The Mayor is elected in a city-wide election every four years. Junie White was first elected Mayor in November 2009, and reelected in 2013 and 2017, after serving one term representing District 4 on Council. Each city council member plus the mayor holds one vote, and the mayor does not have any veto power.

The subject site is represented by Erica Brown, who was elected in 2013, and whose current term will end in 2022. She is very engaged with the citizens in the Northside area and can provide good insight into what the community needs on this site.



Erica Brown
District 6
(864) 596-2019
spartanburg6@gmail.com



Site Analysis: Social Structure

The Northside is a low-income community, but it is tight-knit and has very active citizens that support the community. The community leaders are active with the Northside Initiative, as are Wofford College, the Spartanburg Regional Health Center, and the City of Spartanburg Planning, Economic Development, and Neighborhood Services Departments.

While the residents do not have strong income levels, they are likely to be trying to improve their economic situations and electing political leaders that share their vision for the community. They may show up in force to oppose a development that they do not deem beneficial to the neighborhood, so it is essential that the developer of this site meet with the local community leaders to learn of their wants and needs before formulating a development plan.

In several news interviews, and one with Erica Brown shortly after her election that is posted to the City of Spartanburg website, she repeatedly mentions safety, security, and healthy food options as needs of the community. This means that not only have they already been vocal about their needs, they have certain expectations that those needs will be filled within the initiative as a whole.

The development plan for this parcel needs to fit within the mission of the Northside Initiative and pay close attention to the Northside Redevelopment Design Manual for site and building design guidelines.

Site Analysis: The Northside Initiative

THE NORTHSIDE INITIATIVE

*Creating a community of choice.
All together. All focused.*



The Northside Initiative is a group of partners who seek to make a comprehensive effort to fundamentally transform the Northside community. The Northside Initiative represents an unprecedented collaboration of public, private, civic, educational, and philanthropic institutions in Spartanburg.

The Northside Initiative will result in a completely revitalized, mixed-income, mixed-use neighborhood attractive to families and businesses located close to downtown and served by a mix of highly rated educational opportunities, recreational amenities and responsive and engaged social services.

Site Analysis: Northside Development Group



Team Members



**Tammie Hoy
Hawkins**
Project Manager



Carolyn Smith
Project Coordinator



Lekesa Whitner
Case Manager



Carmeisha White
Administrative
Assistant

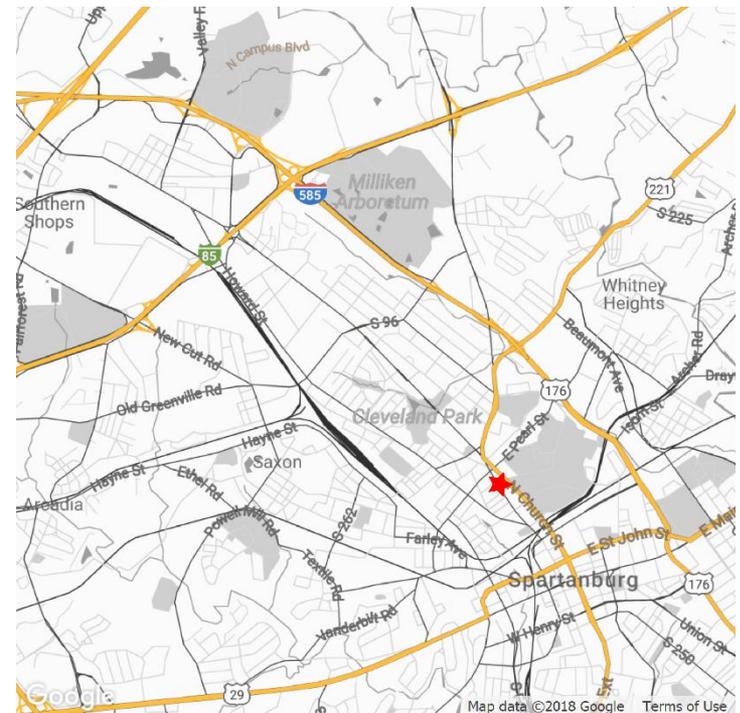
The Northside Development Corp is a non-profit land bank that includes the City of Spartanburg, Mary Black Foundation, Spartanburg Community Foundation, Spartanburg Regional Healthcare System, Wofford College, and private citizens.

Mission Statement: To encourage and manage the redevelopment of the City of Spartanburg's Northside community, honoring its past and expanding the opportunities for a mix of affordable and market rate housing, economic, educational, recreational, health, and social opportunities for its residents.

Site Analysis: Site Accessibility

North Church Street is a main thoroughfare to the north side of Spartanburg and the rest of the county. The site is 1.1 miles from Morgan Square in the center of the CBD, 1 mile from I-585, and 2.4 miles from I-85 Business.

Magnolia Street also extends from the CBD, and both the city Comprehensive Plan and Northside Initiative Master Plan call for a reactivation of the historic street that used to carry an extension of the city's trolley system. It should be noted that any extensive roadwork on Magnolia may uncover buried trolley tracks, as has been the case with water and road improvements on the street in the past.



2017 Traffic Counts	Vehicles/Day
N Church Street	14,200
Magnolia Street	4,900

Site Analysis: Site Accessibility



There are currently eight existing curb cuts on the property, with four each on North Church and Magnolia. Four of these service the existing buildings, and four are on the old hotel site.

Church street is a major corridor through the city of Spartanburg and the city has expressed interest in making Magnolia street a gateway into the Northside neighborhood.

There are existing sidewalks on both Church and Magnolia Street and there is a dedicated bike lane on Magnolia.

Both Church and Magnolia Street are state roads and under the jurisdiction of the South Carolina Department of Transportation.

Site Analysis: Air Connectivity



Greenville-Spartanburg International Airport (GSP) is located 15 miles to the west along I-85 and Downtown Memorial Airport is within the boundaries of and owned by the city of Spartanburg.

During 2017 GSP served 2,130,885 passengers and offered 50 non-stop daily departures to 14 cities and 15 airports on major airlines including Delta, United, Southwest, American, and Allegiant.

GSP recently completed a \$125 million renovation project known as WINGSPAN that will enable the airport to serve up to 4 million passengers per year. The upgrades are projected to have a \$165 million local economic impact and create close to 1400 jobs in the area.

Downtown Memorial Airport serves over 100 local aircraft and has a staff of 9 employees.

Site Analysis: Public Transportation



Passes

	Adult	Student	Elderly & Disabled
31 Day	\$37.50	\$18.75	\$18.75
10 Ride	\$11.25	\$6.25	\$6.25
5 Day	\$11.25	\$6.25	\$6.25
1 Day	\$2.50	\$1.25	\$1.25

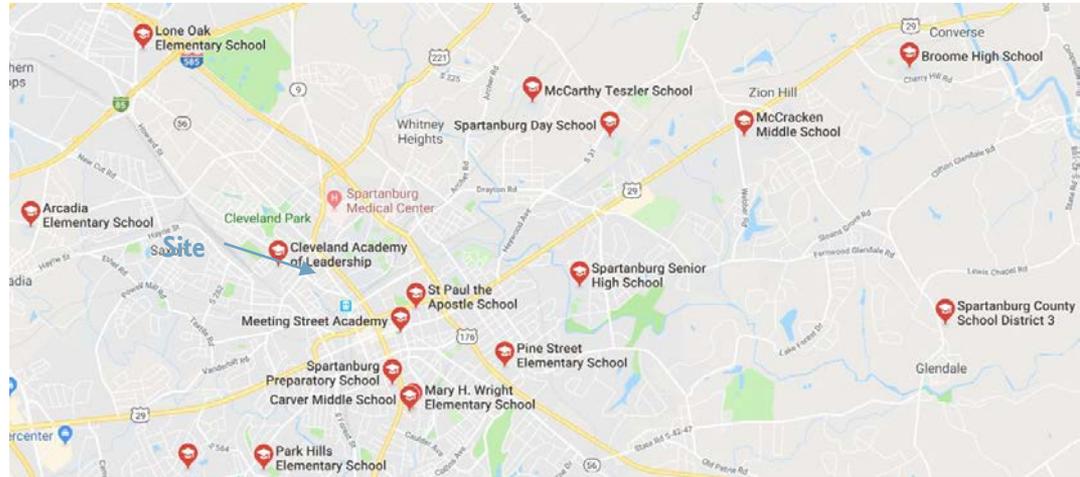
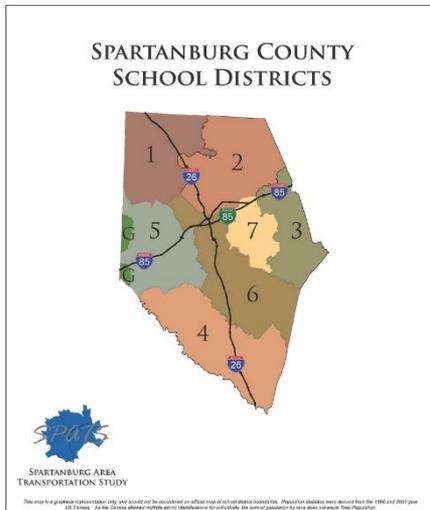
Single-Ride Fares

	Fare
Adult	\$1.25
Student	\$.75
Elderly (with photo I.D.)	\$.75
Disabled (with photo I.D.)	\$.75
Children (under three feet tall)	Free
Transfer	\$.30

Spartanburg Area Regional Transit Agency “SPARTA” offers bus service on 8 different routes through the city and surrounding area. There is a bus stop directly across N Church Street from the site that is serviced by the #3 North Church route. If the site is developed for housing, particularly workforce housing, it would be recommended to request the city adjust the Spartanburg Community College route be adjusted to come closer to the site, as it currently is five blocks away.

The system carries over 500,000 riders per year and covers over 2.5 million passenger miles. Single ride fares range from \$0.75-\$1.50 and 30 day passes from \$18.75-\$37.50

Site Analysis: K-12 Educational Facilities



Spartanburg County is divided into 7 different public school districts, the city of Spartanburg has areas in both district 7 and district 3.

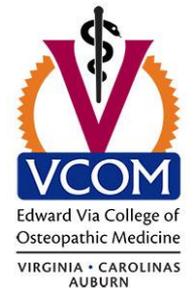
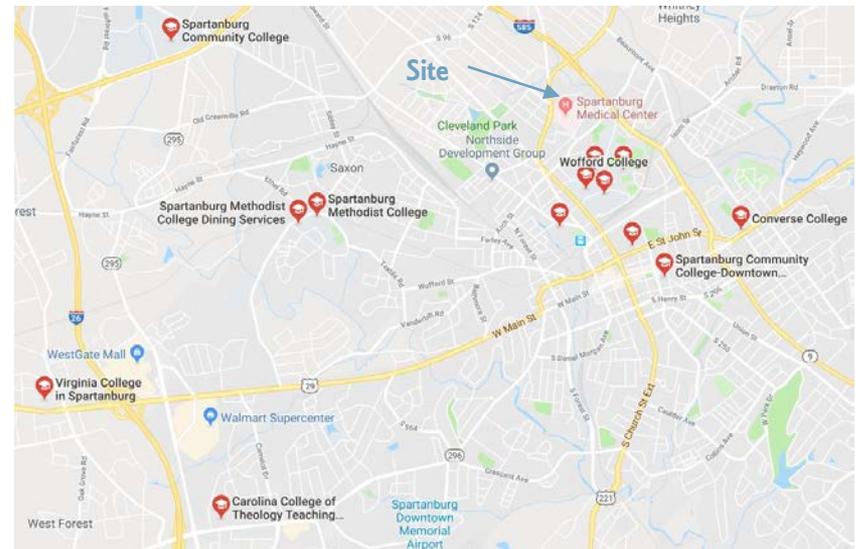
The city has a number of public and private elementary, middle, and high schools.

Construction began in 2017 for a new High School that will hold over 2,200 students.

The site sits in District 7 of the Spartanburg County School System, which boasts an impressive 85.7% graduation rate, 82% of students attending higher education, and an average SAT score 47 points higher than the South Carolina average.

Site Analysis: Higher Learning Educational Facilities

Colleges	Enrollment
Wofford College	1,692
Converse College	1,455
Spartanburg Methodist	737
Spartanburg Community	8,565
USC Upstate	5,594
VCOM	N/A



Site Analysis: Wofford College



Wofford College was founded in 1854 as a private liberal arts college by a donation from Rev. Benjamin Wofford who wanted to create a college for "literary, classical, and scientific education in my native district of Spartanburg".

Has operated continuously on its original campus since its founding and has been on the National Register of Historic Places since 1974.

The campus has expanded significantly over the years and now consists of 48 buildings on 175 acres.

93% of students live on campus, and the school likes to hold that statistic as a safety precaution. Given that they are a financial stakeholder in the Northside Initiative, this tract is unlikely to be redeveloped for use as student housing for Wofford, however the school has expressed a need for dining options and potential housing for employees.



Site Analysis: Public Health Facilities



Location:
101 E. Wood Street
Spartanburg, South Carolina 29303
Hospital and Patient Information:
P: 864-560-6000
W: Spartanburgregional.com

- 1 Main Hospital
- 2 Heart Center
- 3 Sibley Cancer Center & Research Institute
- 4 Spartanburg-Josey Center for Breast Health
- 5 Regional Outpatient Center
- 6 Montgomery Tower
- 7 Surgery Waiting

The Spartanburg Regional Health Systems is a major player in the area with over 6,000 employees and 500 physicians. They perform 28,000 surgeries and deliver 2,700 babies every year.

Spartanburg Medical Center is a 540 bed research and teaching hospital and has begun renovating space in the first phase of Spartanburg Regional Health System's 10-year, \$500 million project to modernize facilities.

The center has also expressed a need for housing and dining options within walking and biking distance of the campus.

Site Analysis: Public Services

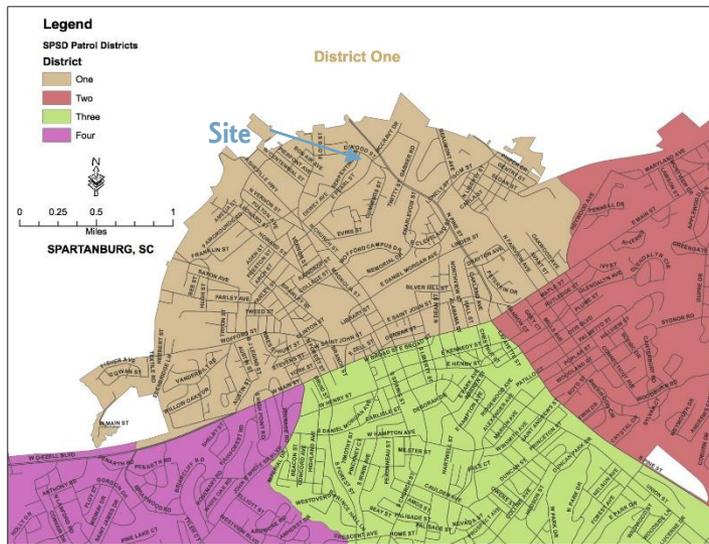
When the fire station on site was closed, Fire Station #3 was relocated across the street and a few parcels down from this site on Magnolia Street, where it remains today.

The Spartanburg Police Department office is located 1 mile away (3 minute drive in normal traffic) in downtown Spartanburg.

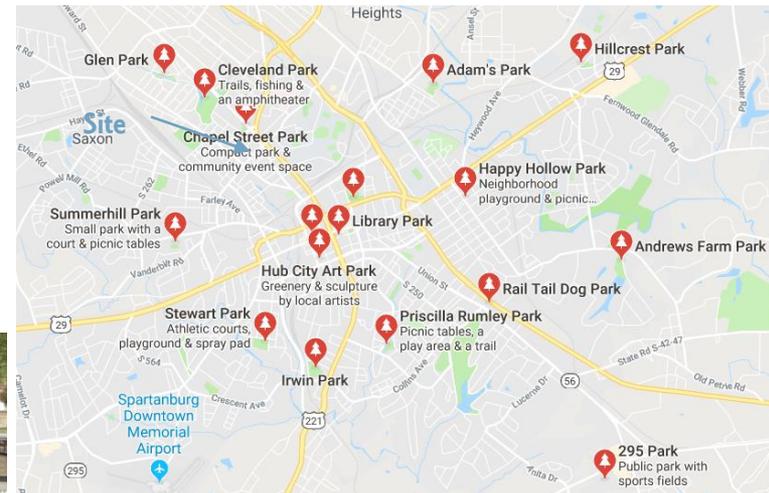
Equally importantly for this site, the city has a dedicated Neighborhood Services department, committed to housing issues and promoting and securing grants for affordable housing.



Site Analysis: Public Safety Facilities



Site Analysis: Parks, & Recreation



The city of Spartanburg maintains over 30 parks including playgrounds, picnic areas, water features, amphitheaters, dog parks, public squares and much more.

North Spartanburg has an excellent park system with several large parks, such as Cleveland Park and Fairfield Park within a short drive. The Chapel Street park is a short walk from the site and has a full playground and basketball court for a walkable amenity.

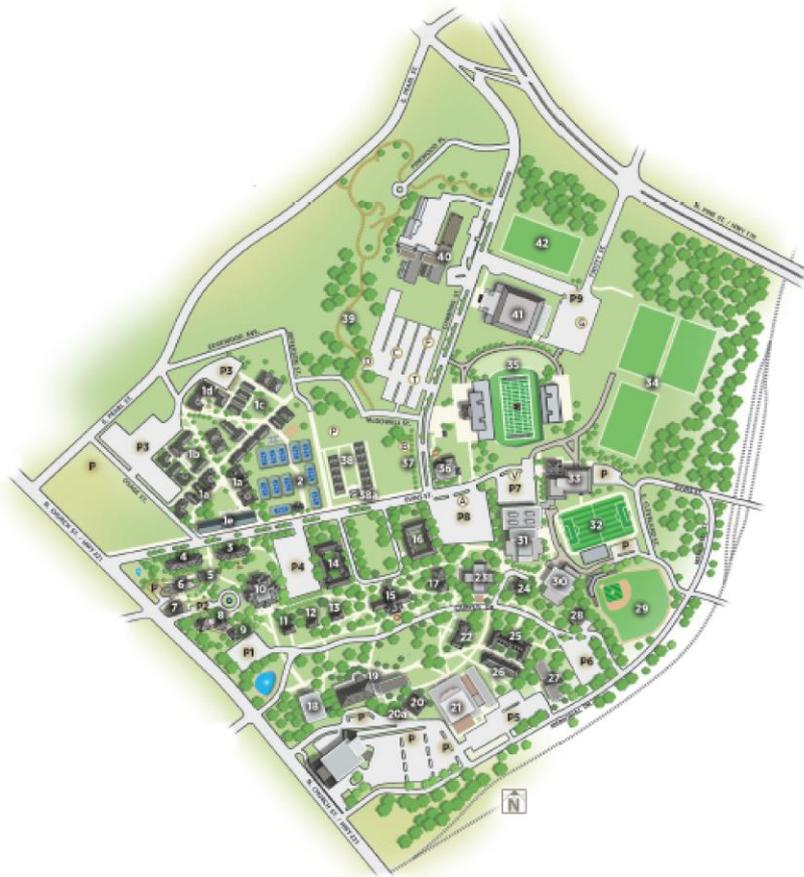
Site Analysis: Surrounding Uses



The immediately surrounding the site are a variety of uses including loan and tax services, auto repair, check cashing services, a credit union and a number of different denominations of churches.

Nearby uses include a barber shop, university book store, cleaners, auto dealer, title loan offices, and payday loan services.

Site Analysis: Noise



The close proximity of the site to Wofford college does not present a noise concern. While Wofford does have sports fields, all but the tennis courts are located on the opposite side of campus with plenty of trees and buildings to absorb any sound of crowds and the PA system.

Traffic on Church street will create some noise issues, but unless traffic counts increase dramatically in the near future, it should not be more disruptive than similar developments along a major road. The site is not located near any active rail lines so train noise will be minimal as well.

Site Analysis: View Corridors

North



Preservation of view corridors needs to be taken into consideration during project planning.

As the project goes vertical there will be impressive sightlines towards Wofford College and downtown Spartanburg.



South

Site Analysis: Cultural Landmarks

Morgan Square: The city's original public square contains a public park and two prominent landmarks: a 9-foot statue of Gen. Daniel Morgan, a Revolutionary War Hero who led soldiers to victory at the nearby Battle of Cowpens in 1781, and a brick tower that houses a historic city clock..

Chapman Cultural Center: A \$47.5 million facility that houses eight different arts, science and history organizations that includes the regional history museum, a 500-seat theater and the science center.

Jammie Seay House: Spartanburg's oldest existing dwelling, a log cabin built in the late 18th century was the home of the last surviving Revolutionary War veteran from Spartanburg who died in 1850. House, listed on the National Register of Historic Places, is located on Darby Avenue near Crescent Avenue. The house and one-acre grounds are open to the public for tours on the third Saturday of each month from April to October, except July.

Veteran's Pointe Memorial Park: Within Spartanburg's Duncan Park, it features a stone marker with the names of all veterans from Spartanburg County, approximately 650 of them, who died in service to their country from World War I to the present. Veteran's Pointe also includes flagpoles with United States and military flags, a Purple Heart memorial, an American Legion archway and a monument that contains the seals of the U.S. Army, Navy, Marines, Air Force, Coast Guard and Merchant Marines.

The Beacon Drive-In: Probably the town's most famous landmark, “The Beacon” opened on Thanksgiving Day in 1946, and still has much of the same décor and menu items from it’s original menu, along with signature malts and shakes. It claims to serve more sweet tea, 65,000 gallons per year, than any other restaurant in the US.



Chapman Cultural Center



The Beacon Drive-In

Site Analysis: Nearby Architecture

Spartanburg County boasts an impressive 54 sites on the national historic register in addition to many that haven't been registered.

The subject site is surrounded with historic architecture in every direction, with most having been upkeep or renovated and a few with potential remaining. It is recommended to take this architectural integrity into account when designing the site to ensure that a new development fits into the fabric of the neighborhood.



Cavalry Baptist Church, Built 1900



Foreground: Cathedral of the Holy Spirit, Built 1943
Background: Freemont School, Built 1930 (Now Condos)

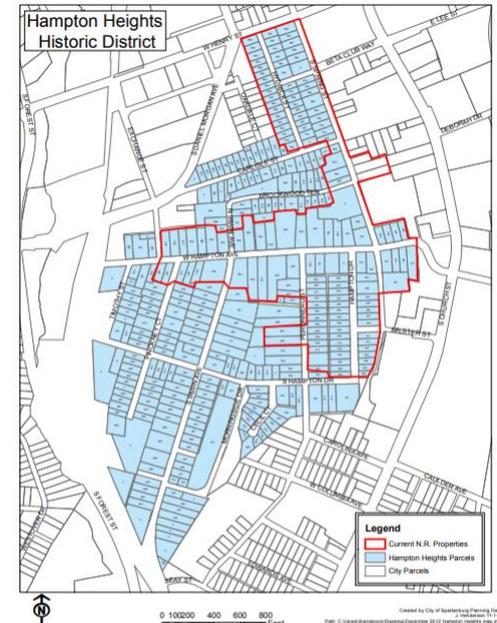


Evans-Bivings House, Built 1854
Photo from National Archives



Wofford College Historic District, Built 1854
Photo from National Archives

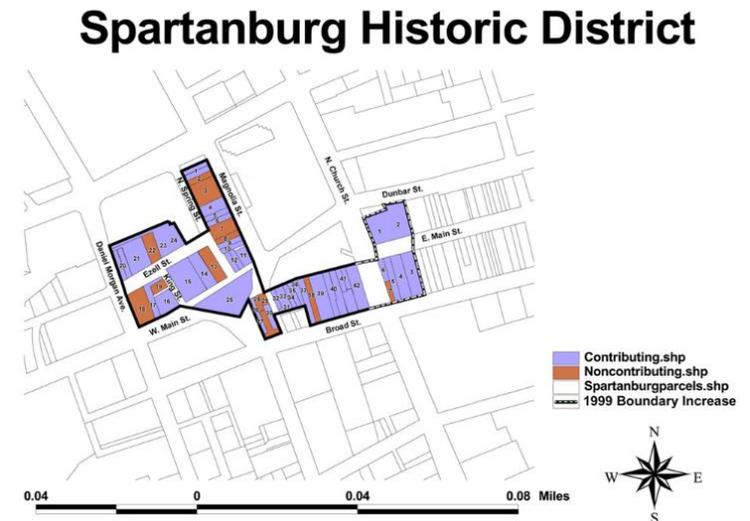
Site Analysis: Residential Historic Districts



The Hampton Heights Historic District is a significant collection of 375 residences in a neighborhood that retains historic and architectural integrity from the early 20th century. The district, which developed between 1890 and 1930, was the home of numerous middle- and upper-class citizens of Spartanburg.

The Beaumont Mill was one of many mills opened in the area during the great boom period in the Southern Textile industry from 1890 to 1920. In 1890. The Beaumont Mill Village consists of 15 major types of houses over three time periods and includes 317 total properties.

Site Analysis: Downtown Historic District



The Spartanburg Historic District contains a number of examples of late-nineteenth and early-twentieth commercial architecture that has been preserved.

Morgan Square area is historically the center of the city and its architectural character reflects a period of development occurring between 1880 and 1920. Most of the buildings constructed during this period were two to three story masonry structures with decorative detailing.

Stylistic influences include Neo-Classical, Art Deco, and most commonly Italianate or Commercial style influences

Site Analysis: Physical Characteristics

Topography: The site is generally flat with little grade in any direction, so topography is not expected to pose any issue to development.

Environmental: There is not currently a Phase I on the site, but given the larger site's history as a hotel, that parcel is not expected to be contaminated. The fire station may require some testing, as the maintenance and repair of fire trucks over the years may have caused some oils and other chemicals to be disposed of on site. There is no record of any permitted USTs on site and no record of any previous environmental issues logged with SCDHEC. It is recommended to have a Phase I completed on the entire site prior to the purchase of the fire station and check cashing parcel.

Storm Drainage: There is a storm drainage basin in the center of the hotel site, so it will be important to request any demolition plans and as-built plans from the hotel that may be on file to determine where that connects. There is no other natural drainage onsite besides green space. Given the urban location, it is not expected the onsite retention will be required, but a civil engineer will need to confirm if the demolition of the hotel and subsequent addition of green space will trigger that requirement. That is not a red flag that should be thrown out at this time in case the Northside Initiative Stakeholders can influence that decision.

Soils: There is no existing soils data on the site, so it is recommended that a geotechnical report be completed to ensure that the soils can support the desired density prior to beginning design.

Site Analysis: Climate/Weather

The city of Spartanburg has a humid subtropical climate with long, hot and humid summers, and semi mild winters. From June through September, highs are in the 80's to low 90's, while during the winter months average highs reach the mid 50's. Rainfall is spread evenly throughout the year and the city sees very little snowfall. Average precipitation is 51.3 inches and the average growing season is 231 days.

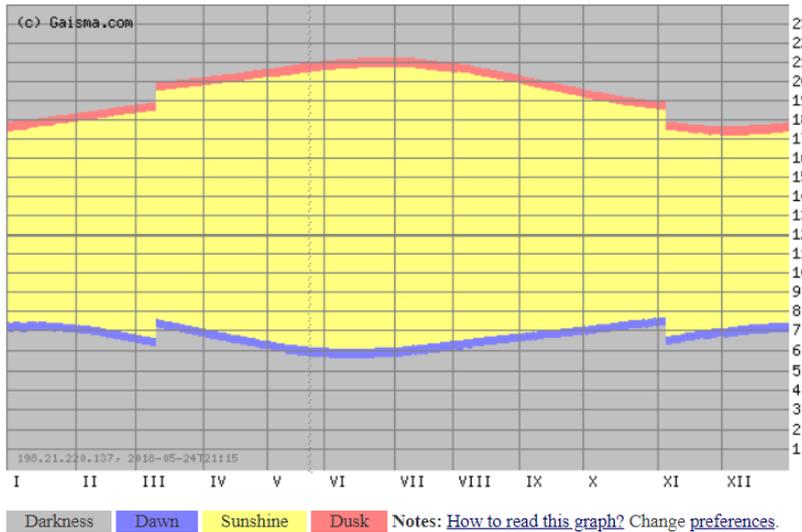
CLIMATE	Spartanburg, South Carolina	United States
Rainfall (in.) ?	48.6855	39.2
Snowfall (in.) ?	1.6877	25.8
Precipitation Days ?	73.2667	102
Sunny Days ?	225	205
Avg. July High ?	90.009	86.1
Avg. Jan. Low ?	30.3713	22.6
Comfort Index (higher=better) ?	63	54
UV Index ?	4.7	4.3
Elevation ft. ?	722	1,443

Variable	January	February	March	April	May	June	July	August	September	October	November	December
Temperature, °F	36.6	40.4	47.9	56.9	66.1	72.8	75.8	74.0	68.0	58.2	48.6	39.0
Precipitation, in	4.2	4.3	5.3	3.5	4.1	4.3	4.3	4.3	4.0	3.7	3.5	3.9
Wet Days/Month	10.5	9.1	10.7	8.5	10.6	9.8	11.6	10	8	7	8.4	9.7

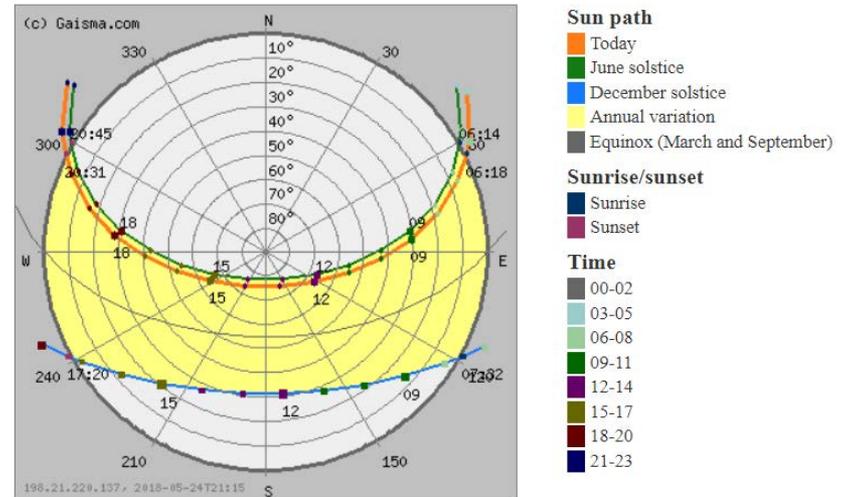
Site Analysis: Sun Rise-Set & Sun Angles

Given our location in the northern hemisphere, sun will be more intense on the eastern, southern, and western faces of a development, so our recommendation would be to use natural (landscaping) and man-made (awnings, louvered window coverings, window film, etc.) on those sides to prevent excessive heating of the building in the summer.

Spartanburg, [South Carolina, United States](#) - Sunrise, sunset, dawn and dusk times, graph



Spartanburg, [South Carolina, United States](#) - Sun path diagram



Site Analysis: Ownership History

The fire station site was originally owned by the Home Water Supply Co. that erected the standpipe until the parcel was transferred to the city in 1907. After the closing of the fire station, it was transferred to private ownership and has remained privately owned by various owners since then, the current owner having purchased the building in 2008.



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[District]	940Z
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[DeedPage]	823
[SaleDate]	1996-06-01
[LandSizeDescription]	ACRE
[Acreage]	00:00:00.00000000
[OwnerName]	UPSTATE RECOVERY SERVICE INC
[TaxpayerName]	UPSTATE RECOVERY SERVICE INC
[PropertyLocation]	564 N CHURCH ST SPARTANBURG

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[TaxpayerName]	UPSTATE RECOVERY SERVICE INC
[PropertyLocation]	0 MAGNOLIA ST SPARTANBURG

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[LandSizeDescription]	ACRE
[Acreage]	00:00:00.00000000
[OwnerName]	THE EXCHANGE GROUP INC
[TaxpayerName]	THE EXCHANGE GROUP INC
[PropertyLocation]	115 W PEARL ST SPARTANBURG

The other parcel that currently has a check cashing business operating on it and the adjacent parking area is owned by a separate entity but the same owner as the fire station since it was purchased in 1996.



[ParcelNumber]	7-12-01-174.00
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[LandSizeDescription]	ACRE
[Acreage]	1.403
[OwnerName]	NORTHSIDE DEVELOPMENT CORPORATION
[TaxpayerName]	NORTHSIDE DEVELOPMENT CORPORATION
[PropertyLocation]	578 N CHURCH ST SPARTANBURG

[ParcelNumber]	7-12-01-173.00
[AccountNumber]	143461
[CardCount]	1
[District]	940Z
[DeedBook]	107Q
[DeedPage]	333
[SaleDate]	2014-11-22
[LandSizeDescription]	ACRE
[Acreage]	0.2
[OwnerName]	NORTHSIDE DEVELOPMENT CORPORATION
[TaxpayerName]	NORTHSIDE DEVELOPMENT CORPORATION
[PropertyLocation]	0 N CHURCH ST SPARTANBURG

[ParcelNumber]	7-12-01-172.01
[AccountNumber]	143460
[CardCount]	1
[District]	940Z
[DeedBook]	106E
[DeedPage]	115
[SaleDate]	2014-05-30
[LandSizeDescription]	ACRE
[Acreage]	0.023
[OwnerName]	NORTHSIDE DEVELOPMENT CORPORATION
[TaxpayerName]	NORTHSIDE DEVELOPMENT CORPORATION
[PropertyLocation]	0 CHURCH ST SPARTANBURG

The Northside Development Group owns the remaining parcels, having purchased them in 2014 with the express purpose to demolish the Sunshine Inn and remove its problems from the community.

Site Analysis: Ownership History

Secondary Parcel

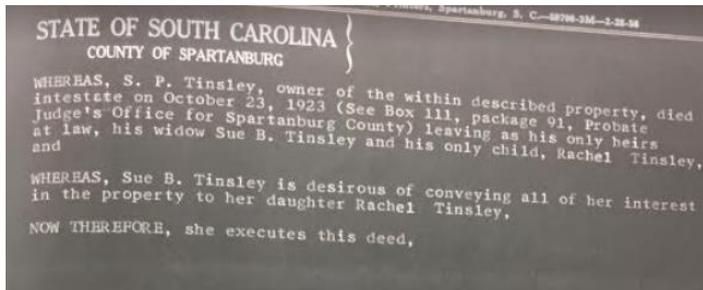
Sales

Sale Date	Sale Price	Instrument Number	Deed Book	Deed Page	Sale Qualification	Vacant or Improved	Grantor
11/22/2014	\$50,000	DEE-2014-47402	107Q	333	Unqualified - OTHER	Improved	TINSLEY,RACHEL TRUSTEE
3/1/1993	\$10	DEE-1993-2552	59W	570	Unqualified - FAMILY SALE	Improved	TINSLEY,RACHEL
2/1/1958	\$0		23V	609	Unqualified - NEEDS VALIDATION CODE	Improved	

Sales

578 N Church Street

Sale Date	Sale Price	Instrument Number	Deed Book	Deed Page	Sale Qualification	Vacant or Improved	Grantor
5/30/2014	\$535,000	DEE-2014-21139	106E	115	Unqualified - MULTIPLE PARCEL VALID SALE	Improved	PRAMUKH KRUPA LLC,
3/31/2000	\$1,151,000	DEE-2000-4003	71-T	622	Unqualified - DOES NOT MATCH APPR RECORD	Improved	P P C PROPERTIES INC
5/5/1994	\$750,000	DEE-1994-4590	61-H	904	Unqualified - DOES NOT MATCH APPR RECORD	Improved	SPARTANBURG LTD
10/28/1993	\$10		60R	291	Unqualified - DOES NOT MATCH APPR RECORD	Improved	SPARTANBURG MOTEL ASSOCIATES



KNOW ALL MEN BY THESE PRESENTS, that, **Rachel Tinsley, as Trustee under Declaration of Trust dated March 11, 1993** for and in consideration of Fifty thousand and no/100 (\$50,000.00) Dollars, the receipt of which is hereby acknowledged, and subject to the limiting language contained herein, have granted, bargained, sold and released, and by these presents do grant, bargain, sell and release unto **Northside Development Corporation:**

KNOW ALL MEN BY THESE PRESENTS, That SPARTANBURG, LTD., also sometimes known as SPARTANBURG LIMITED, a Limited Partnership, in the State aforesaid, for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration to it in hand paid at and before the sealing of these presents, by **SPARTANBURG MOTEL ASSOCIATES, a Virginia general partnership, c/o ATLANTIC HOTEL DEVELOPMENT CORPORATION, HARBOUR CENTRE, 2 EATON ST, SUITE 1102, HAMPTON, VA, 23669** (the receipt whereof is hereby acknowledged) has granted, bargained, sold and released, and by these Presents does grant, bargain, sell and release, unto the said SPARTANBURG MOTEL ASSOCIATES, its successors, heirs, and assigns, the following described real property, to wit:

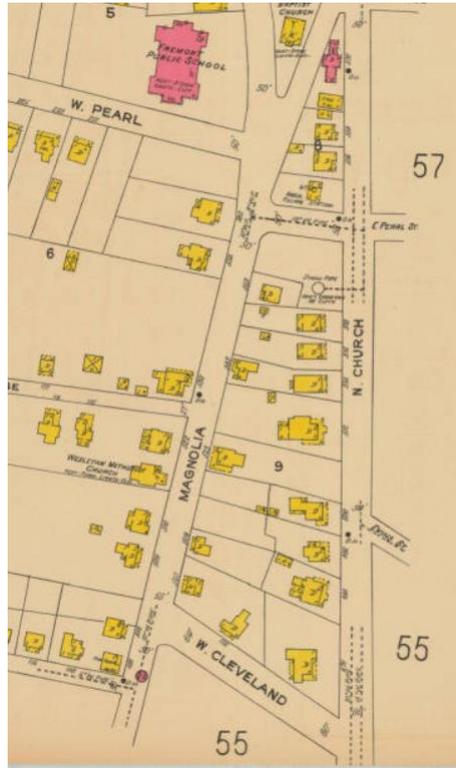
KNOW ALL MEN BY THESE PRESENTS, that SPARTANBURG, LTD. (a/k/a SPARTANBURG, LIMITED) a Florida limited partnership, in consideration of SEVEN HUNDRED FIFTY THOUSAND and 00/100 Dollars (\$750,000.00), the receipt of which is hereby acknowledged, has granted, bargained, sold, and released, and by these presents does grant, bargain, sell and release unto P.P.C. PROPERTIES, INC., its successors and assigns:

KNOW ALL MEN BY THESE PRESENTS, that, **Pramukh Krupa, LLC** in consideration of Five hundred thirty-five thousand and no/100 (\$535,000.00) Dollars the receipt of which is hereby acknowledged, and subject to the limiting language contained herein, if any have granted, bargained, sold and released, and by these presents do grant, bargain, sell and release unto **Northside Development Corporation:**

Site Analysis: Sanborn Fire Insurance Maps



1912



1923

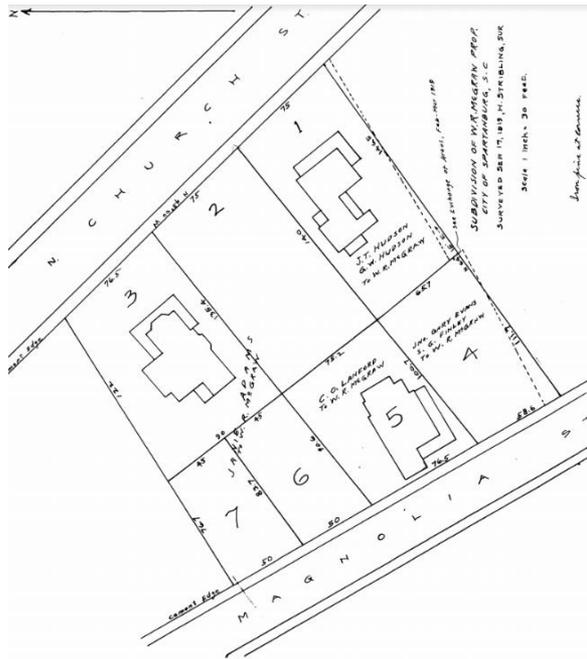
Analysis of the Sanborn fire insurance maps shows the historic uses of the site as individual parcels occupied by mill houses.

These houses were primarily wood frame dwellings with no fire protection.

These maps show the water tower that was one of the first structures on the site.

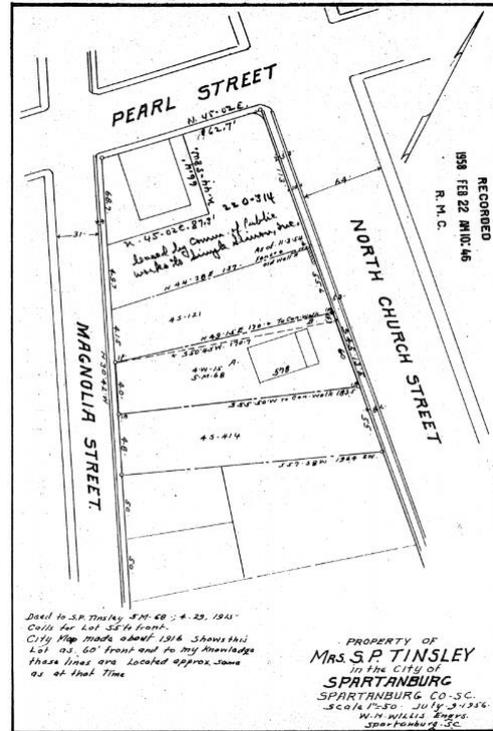
HEIGHT OF BUILDING IN FEET	Fire proof construction.	
(C.B.)	Hollow concrete or cement block construction.	
NUMBER OF STORIES & SLATE ROOF OR G.	Brick building with brick or metal cornice.	
TWO STORIES & SHUT COMPOSITE ROOF	" " " frame cornice.	
BRICK BASEMENT 1 STORY	" " " stone front.	
FRAME PARTITION	" " " frame side.	
BRICK V.	Brick veneered building	Auto house or private garage
BRICK F.	Brick and frame "	Gasoline tank
BRICK I.	Frame building	Stable.
I = DWELLING	" " iron clad	
F = FLAT	Iron building	
S = STORE	Stone "	Water pipes and size in inches

Site Analysis: Recorded Plats

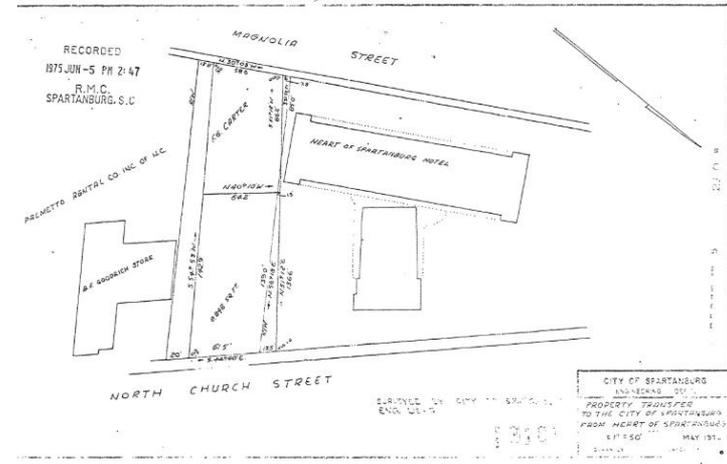


Registered, Validated & Examined Sep. 24, 1919

1919

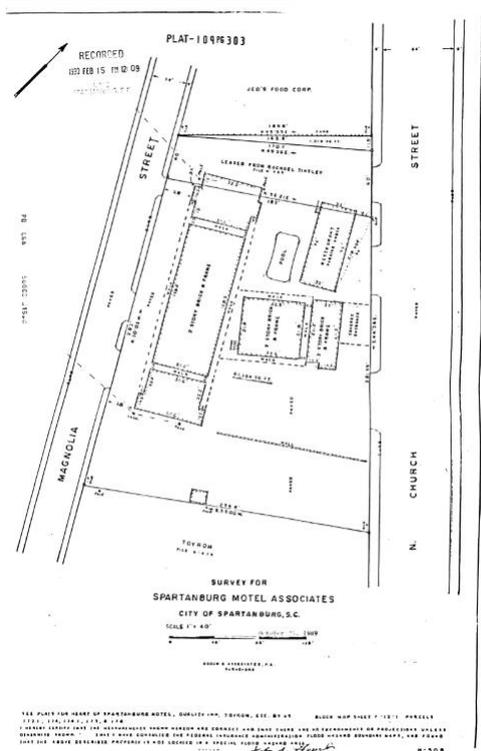


1958

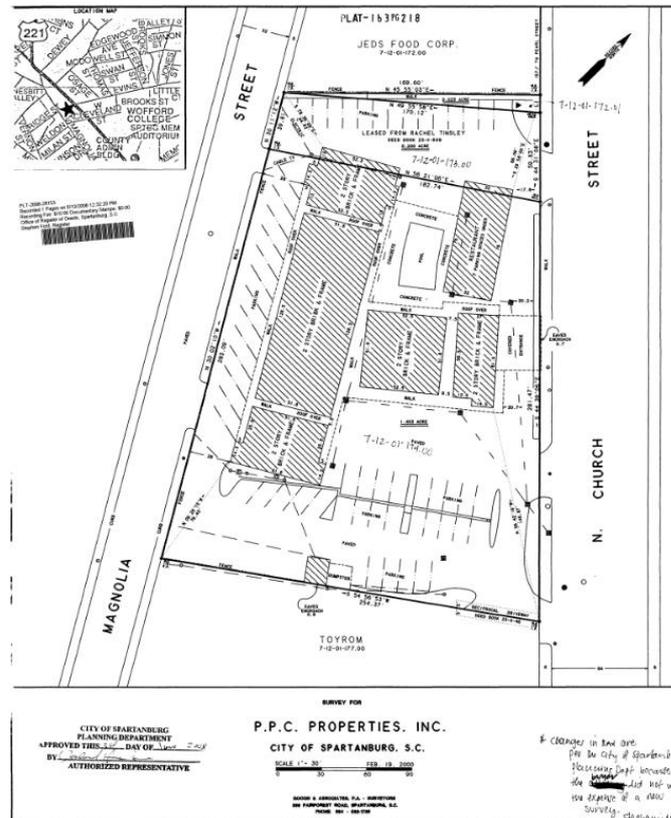


1975

Site Analysis: Recorded Plats



1990



2008

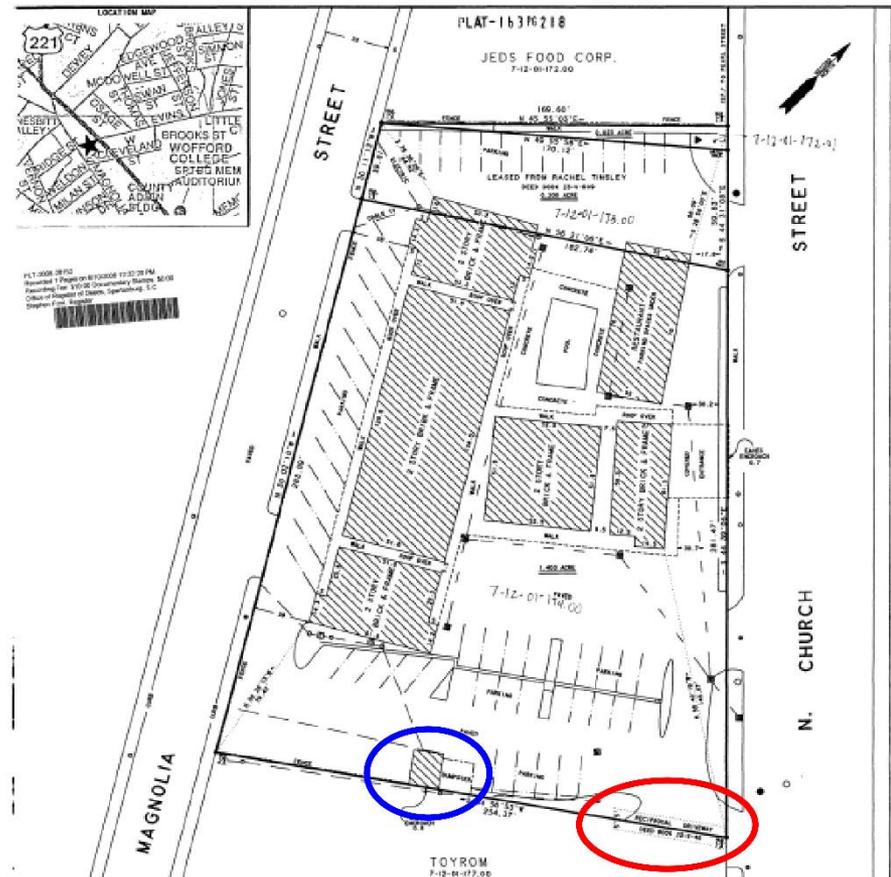
The recorded plats show how the site was subdivided and reassembled over the last 100 years into what exists today.

Site Analysis: Encumbrances

The only easement on the site currently is a shared driveway easement (shown on the plat in red) between the credit union parcel and the subject parcel. Currently, it is exclusively used as an entrance to their site.

The credit union is an active member of the community and likely wouldn't oppose our site regaining use of the easement and any improvements that we may make to it.

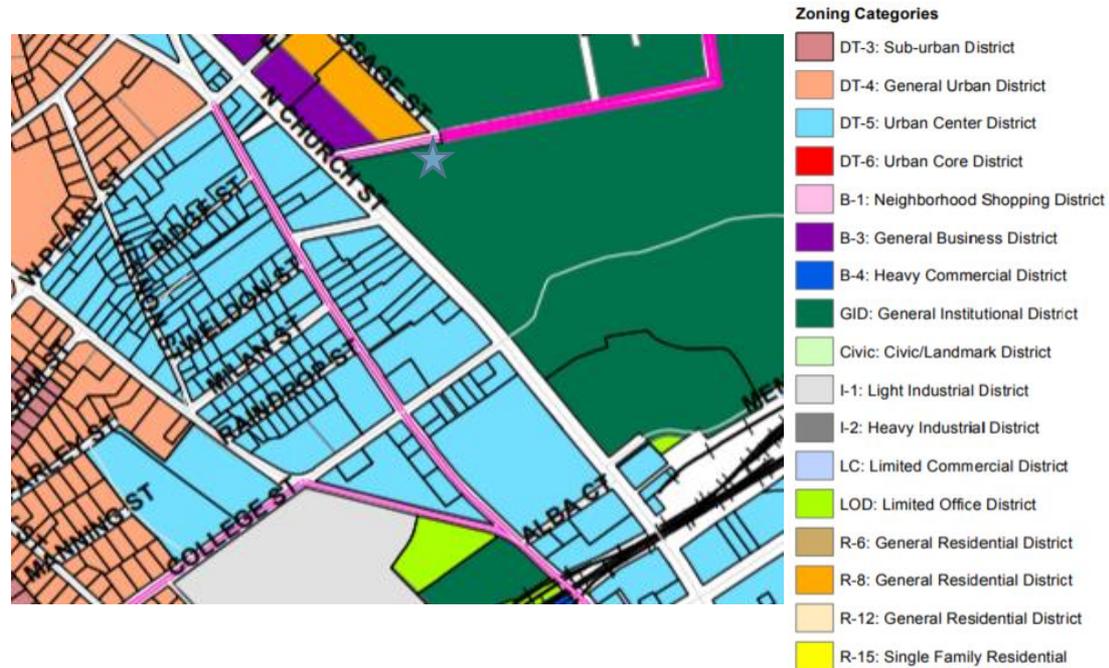
The encroachment shown in blue has since been removed.



Site Analysis: Site Zoning

The site is zoned DT-5, These districts are the central shopping areas of the City (Downtown). Here are concentrated activities which have primarily a city-wide and regional function: large stores offering comparison shopper's goods, specialty stores, business services, banks and other financial institutions, offices, theaters, hotels, and government building.

The use of land is intensive and this intensity of use is one of the main determinants of the vitality of the Downtown Urban Districts. It is the purpose of these regulations to encourage such intensity of use and to exclude activities which have a negative effect upon the proper functions of the downtown area.



Site Analysis: Zoning Restrictions

Setbacks: Minimum is 0 feet, Maximum is 12 feet

Height: 2 stories minimum, 6 maximum with waivers from DRB up to 10 stories LEED Silver or above allows for an additional 2 stories, Mixed-uses allows DRB to determine additional height provided that bonus levels are used only for residential

The site is in the Side Yard Parking Overlay, which Planning says may be eliminated or revised, however, street parking on road frontages is encouraged and may be required

Frontage Requirement: 60% minimum buildout along road frontages must be between 0-12 feet based on lot width minus public plazas, driveways, pedestrian walkways, and outdoor dining *** The side parking overlay exempts the parcel from this requirement, however, as previously stated, the overlay may be eliminated

Structured parking must be wrapped in active uses (retail, office, residential) on the ground level and treated with high-quality finishes on upper floors. Decks must have clearly defined parking entries with a focus on safety and security.

No porches with fences or common lawns are allowed on road frontages, however stoops are allowed. The downtown code has specific requirements for road frontage treatments that must be adhered to in the design.

Market Analysis

578 NORTH CHURCH STREET, SPARTANBURG SC

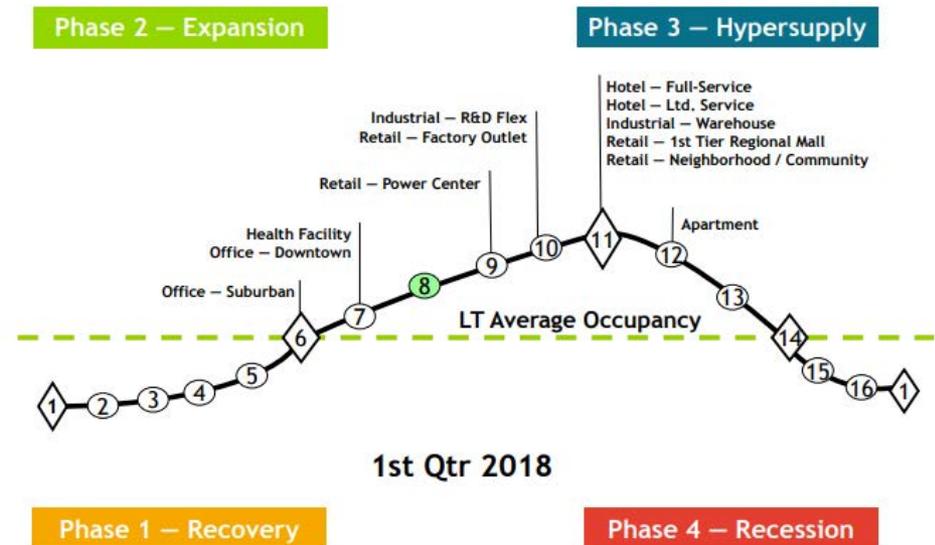
Market Analysis: National Economic Review

On a national level, occupancy remains fairly stagnant across all market sectors, and rents are growing slightly. Retail continues to struggle within the big box sectors although some power centers and outlets are continuing to be built, but neighborhood retail and urban and experiential retail have remained strong and are reaching their peak. Both suburban and downtown office are undersupplied as the economy swells with new job creation, and apartments are largely oversupplied in many markets.

Asset Class	Occupancy Growth	Rent Growth Q1 2018	Rent Growth Annual
Office	0.00%	0.40%	1.70%
Industrial	0.00%	1.50%	6.00%
Apartments	0.10%	1.30%	2.60%
Retail	0.00%	0.20%	1.80%
Hotel	0.00%	1.90%	3.30%

Black Creek Research, Q1 2018 Report

National Property Type Cycle Locations



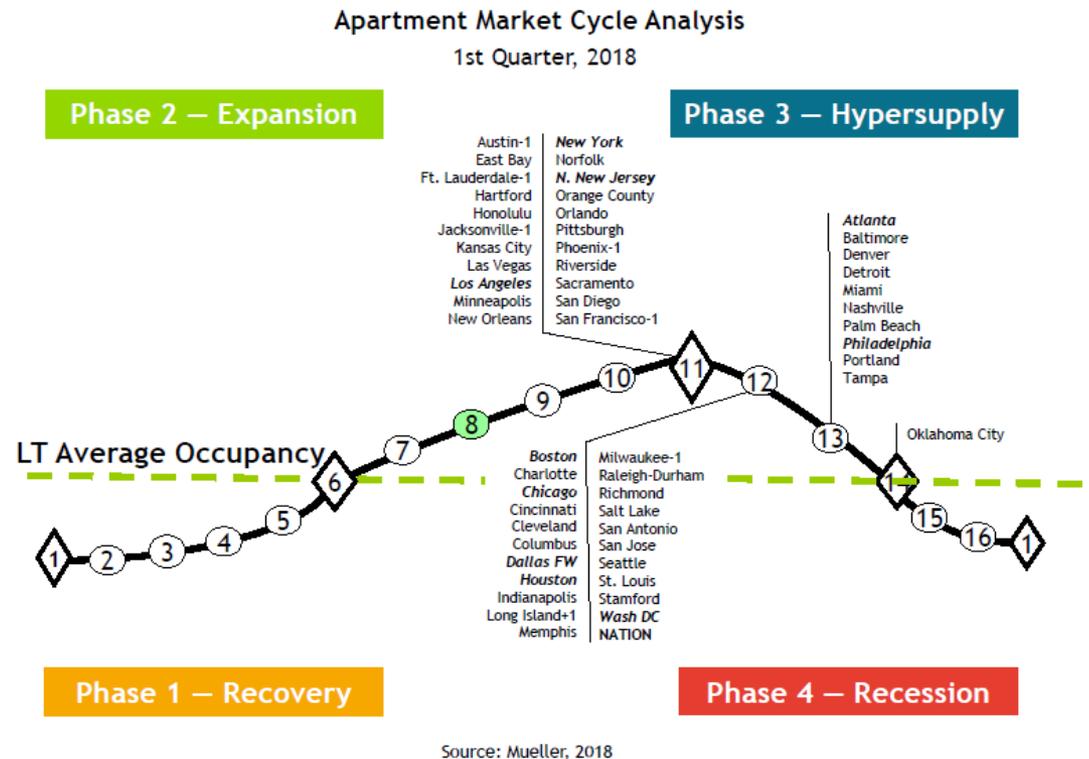
Source: Mueller, 2018

Black Creek Research, Q1 2018 Report

Market Analysis: National Economic Review- Apartments

Apartments have dominated the industry since the recession, due to Millennials' desire to remain flexible and not “tied down”. This has created a large market for rental housing in almost every major market that was quickly fulfilled by regional and local developers. All major markets are now at peak or oversupply.

In light of these expectations, the apartment sector continues to level out and remain steady. Experts expect the vacancy rate to increase slightly to 5% in 2018 and 5.2% in 2019, where it is expected to remain in 2020, but remain below the 20-year average of 5.4%. While vacancy rate projections for 2018 are unchanged from the October estimates, 2018 rent growth projections are expected to decrease to 1.5% from the 2.1% projected six months ago. Rent growth rates for both 2019 and 2020 are projected to be 2%.

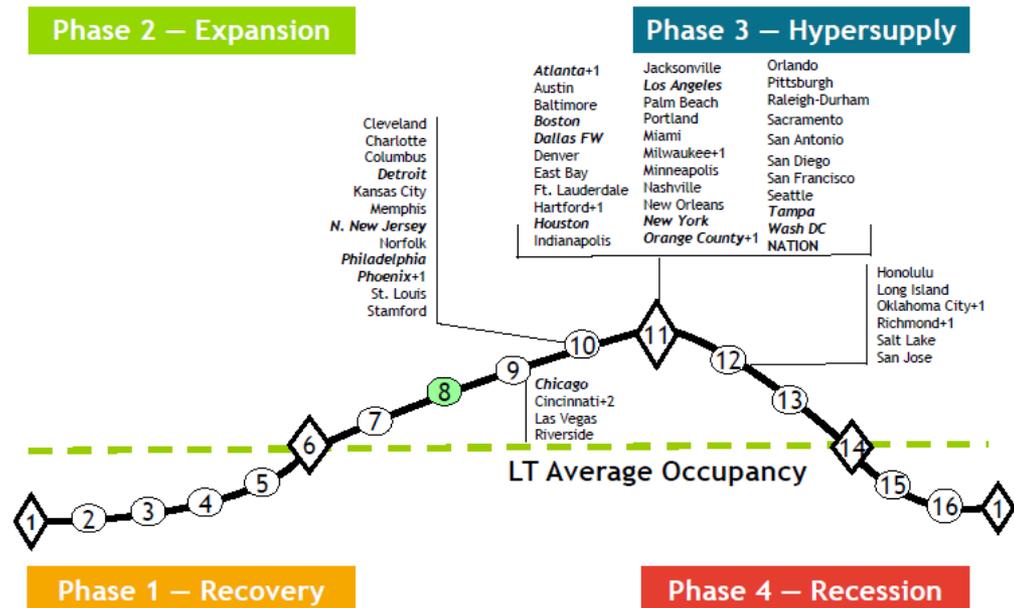


Market Analysis: National Economic Review - Retail

The recent struggles in the retail sector have been well documented, and experts see this holding back retail fundamentals. However, the outlook for 2018 and 2019 appears to reflect an expected increase in consumer spending due to the projected stronger economy. The expected retail availability rates for 2018 and 2019, at 9.8% and 9.9%, respectively, are slightly better than expectations of six months ago. The expected rental rate growth for 2018, at 2%, is stronger than that of the previous estimates, as is the 2019 projection of 1.8%. Similar to other sectors, retail availability and rental rate growth fundamentals are expected to moderate by 2020, with availability projected at a rate of 10%, and rent growth at 1.1%. Total returns for retail are forecast to be 5% in 2018, moderating to 4.6% in 2019 and 4.3% in 2020.

Retail development has stagnated in recent years, yet is still oversupplied in most markets due to the shift to online shopping. While this has been favorable for industrial warehouse development, it has devastated the retail industry, while many big box retailers shift to online sales. Experiential and urban retail development, particularly the restaurant and grocery sectors have remained strong, as have service-oriented needs, such as dry cleaners and salons.

Retail Market Cycle Analysis
1st Quarter, 2018

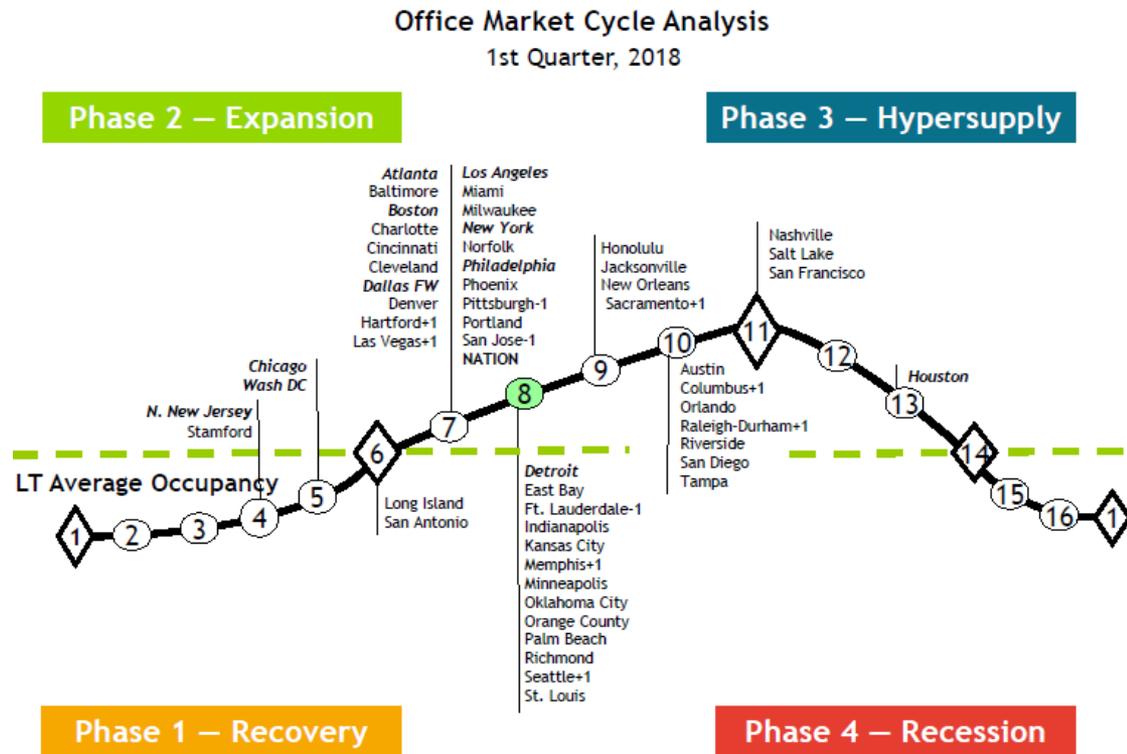


Source: Mueller, 2018

Market Analysis: National Economic Review - Office

With the exception of Houston, Nashville, Salt Lake City, and San Francisco, all of the major markets tracked by Mueller show a need for additional office space. As major markets continue to add jobs and expand, companies that do not require a major market headquarters will continue to seek out areas like the Greenville-Spartanburg region based on its strong local economy and educated workforce.

The 2018 office vacancy rate is projected to be remain unchanged from the actual 2017 rate at 13%, a relatively small change from the 13.1% projected in October 2017. It is expected to increase to 13.2% in 2019 and 13.4% in 2020. The outlook for rental rate growth reflects more optimism from experts relative to October estimates. A 2.5% increase is expected for 2018, followed by 2% in 2019, while rent growth is expected to slow to 1.5% in 2020. Similar to the apartment sector, total returns rate for this year is projected to be 5.4%, decreasing to 5% in 2019 and 4.5% in 2020.



Source: Mueller, 2018

Market Analysis: Metro Area Economic Review

The Greenville-Spartanburg market is growing considerably and has profited well off the expansion in the industrial and manufacturing markets. With the expansion in those markets has come an increased need for professional services as support, such as a rapidly expanding healthcare market, as well as colleges, universities, and trade schools.

The Greenville-Spartanburg area has embraced manufacturing by expanding local universities' reach with schools such as ICAR, a Clemson campus for automotive research, USC Upstate's Greenville campus that supplies the region with qualified medical professionals among many other disciplines, and Clemson University, that continues to supply the market with qualified professionals in many areas of expertise.

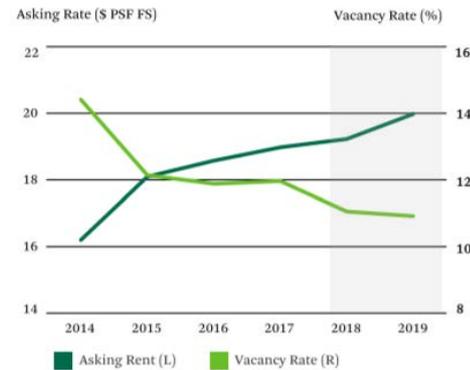
Spartanburg, in particular, is currently undergoing a revitalization of its downtown market, in addition to continued expansion of its industrial and manufacturing markets. Downtown Spartanburg was once a thriving market, and it is determined to once again gain that status within the region, with careful planning and revitalization efforts from the economic development department, the neighborhood services department, and local entrepreneurs.

Market Analysis: Greenville Spartanburg Office Market Review

Figure 1: Total Market Absorption and Deliveries



Figure 2: Total Market Vacancy and Asking Rates

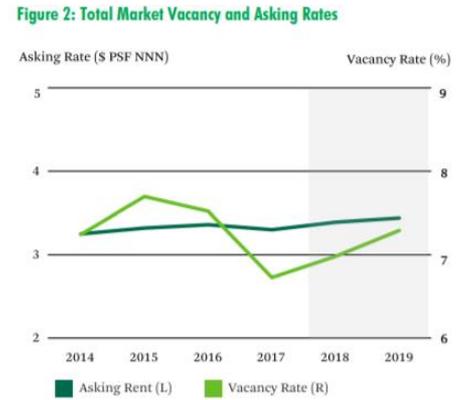


Some large chunks of space are still available in the Greenville market, and overall vacancy is between 7.4% (reported by CB Caine) and 15% (reported by CBRE). NAI Earle Furman reported a negative net absorption in the first quarter of 2018 of 52,512 square feet. The large chunks of space are “perfect for a headquarters location,” Colliers says.

CBRE reports space “given back” this quarter is concentrated among Class A office product in the Greenville suburban submarket, where vacancy climbed by “over 1,200 basis points to 20.6%.” CBRE also reports that this is the “first time in the market’s history that tenants have had as many of four different options of 50,000 contiguous Class A square feet in the local market.”

Construction of office buildings continues with seven buildings totaling 151,057 square feet under development across the Greenville-Spartanburg market, reports Newmark Grubb Wilson Kibler. Avison Young forecasts a continuing demand for co-working space and points out that many private landlords are filling vacancies by signing multiple leases with individual office users.

Market Analysis: Greenville Spartanburg Industrial Market Review



Industrial space in the Upstate continues to be hot with record-low vacancy rates. Avison Young reported a 5.6% vacancy rate, “the largest decrease in industrial vacancy in the last eight quarters.” NAI Earle Furman reported that total inventory grew by more than 2 million square feet in the first quarter of 2018.

Industrial speculative development continues but still is not outpacing demand. According to CBRE, the market is “attracting a large number of developers who are delivering new product and acquiring land at an unprecedented rate.” Cushman & Wakefield says much of that space will be leased prior to building completion. Developers and brokers continue to look for viable land sales, but the biggest hurdle is a lack of utilities.

Expansion at the Port of Charleston continues to be a huge driver for the Inland Port Greer and continues to fuel industrial-space needs in the Upstate. Several large industrial developments are in progress, including the Inland 85 Logistics Center in Greer on 324 acres with 500,280 square feet, expandable to 1.2 million square feet. Also under construction is the Apply Valley Industrial Park in Spartanburg with 373,000 square feet of Class A industrial

Market Analysis: Greenville Spartanburg Retail Market Review

Figure 1: Total Market Absorption and Deliveries



Source: CBRE Research, Q1 2018.

Figure 2: Total Market Availability and Asking Rates



Source: CBRE Research, Q1 2018.

Even with some national retailers closing stores in the Greenville-Spartanburg market, retail space continues to remain strong. NAI Earle Furman reported a 4.4 % vacancy rate for the first quarter of 2018 with an average asking rent of \$11.82 per square foot, up 9 % for the same period in 2017 and 5.5 percent higher than fourth-quarter 2017. On Main Street in downtown Greenville, rents continue to rise, reports Avison Young, with little vacancy on South Main Street. North Main Street, however, has struggled to fill vacant retail and restaurant spaces.

Colliers cites an example of the difference in the Greenville urban retail submarkets with average triple net rental rates of \$33 per square foot on Main Street. North Main Street is at \$36 per square foot, and the West End is at \$25 per square foot.

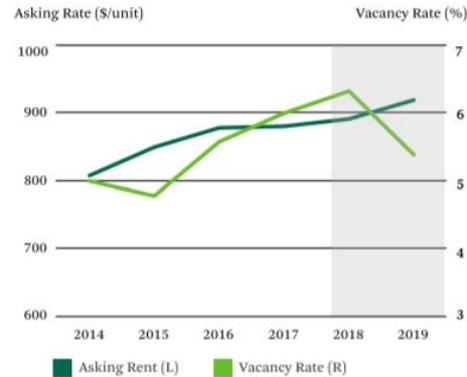
The Greenville Health System Swamp Rabbit Trail continues to attract commerce, even outside of downtown Greenville. Avison Young reports local retailers are locating businesses along the trail in the Overbrook, Gower, and Parkins Mill neighborhoods. Downtown Spartanburg also continues to draw new retailers and investors, Colliers says.

Market Analysis: Greenville Spartanburg Multi-Family Market Review

Figure 1: Total Market Absorption and Deliveries



Figure 2: Total Market Vacancy and Asking Rates

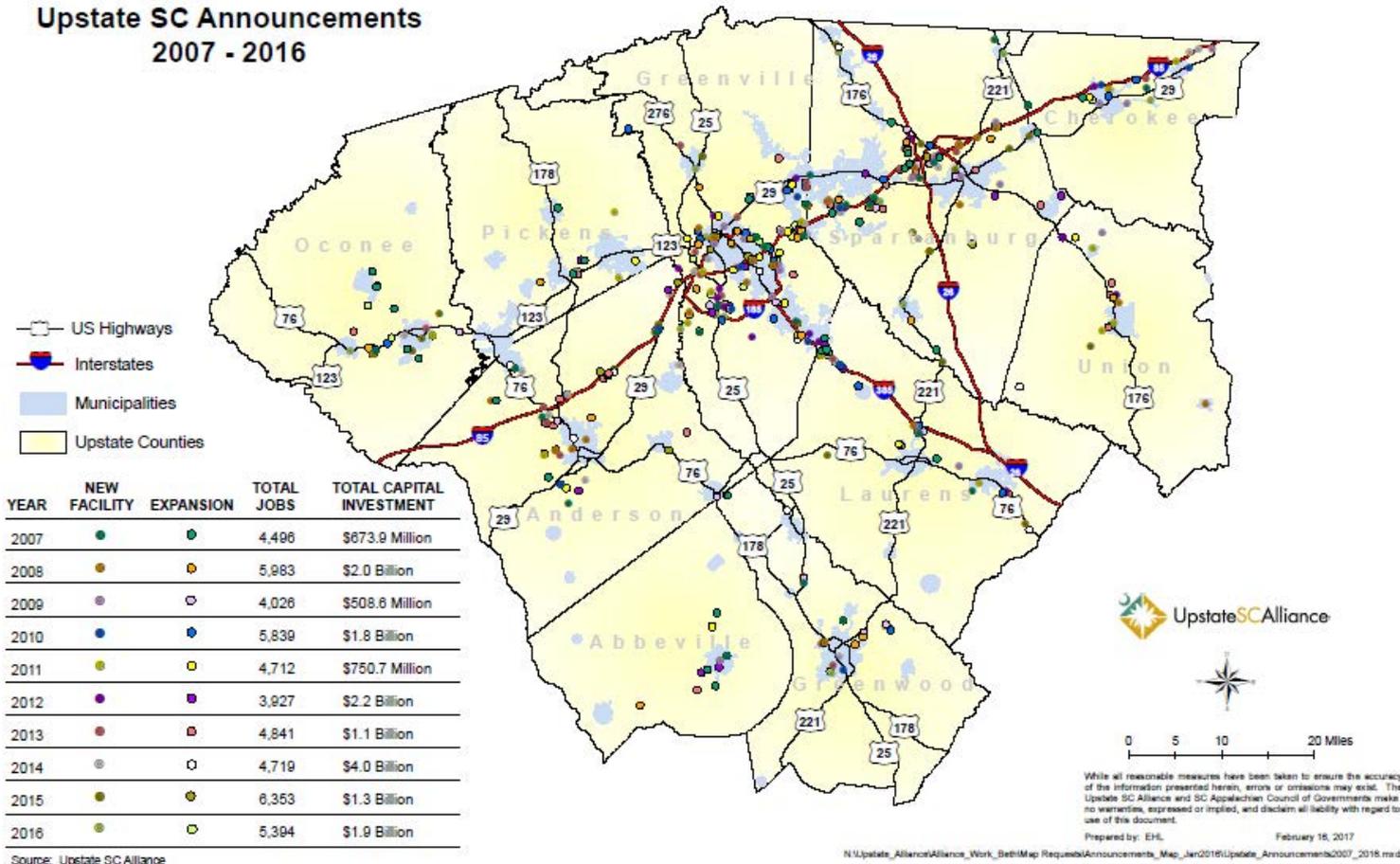


Over the last several years Greenville Spartanburg has been one of the most active multifamily housing markets. From 2003 to 2013 there were under 5000 units brought to market, that number has been beaten in the last two years alone.

Construction pace eases as Apartment completions fall below the five-year average in these two markets, boosting rent gains. In Greenville-Spartanburg, steady household formation amid the lowest apartment delivery in four years will reduce vacancy to slightly below the national level and push rent growth. Average effective rent in both Greenville-Spartanburg will rise above \$900 per month, setting a new high.

Market Analysis: Metro Area Economic Review

Upstate SC Announcements 2007 - 2016

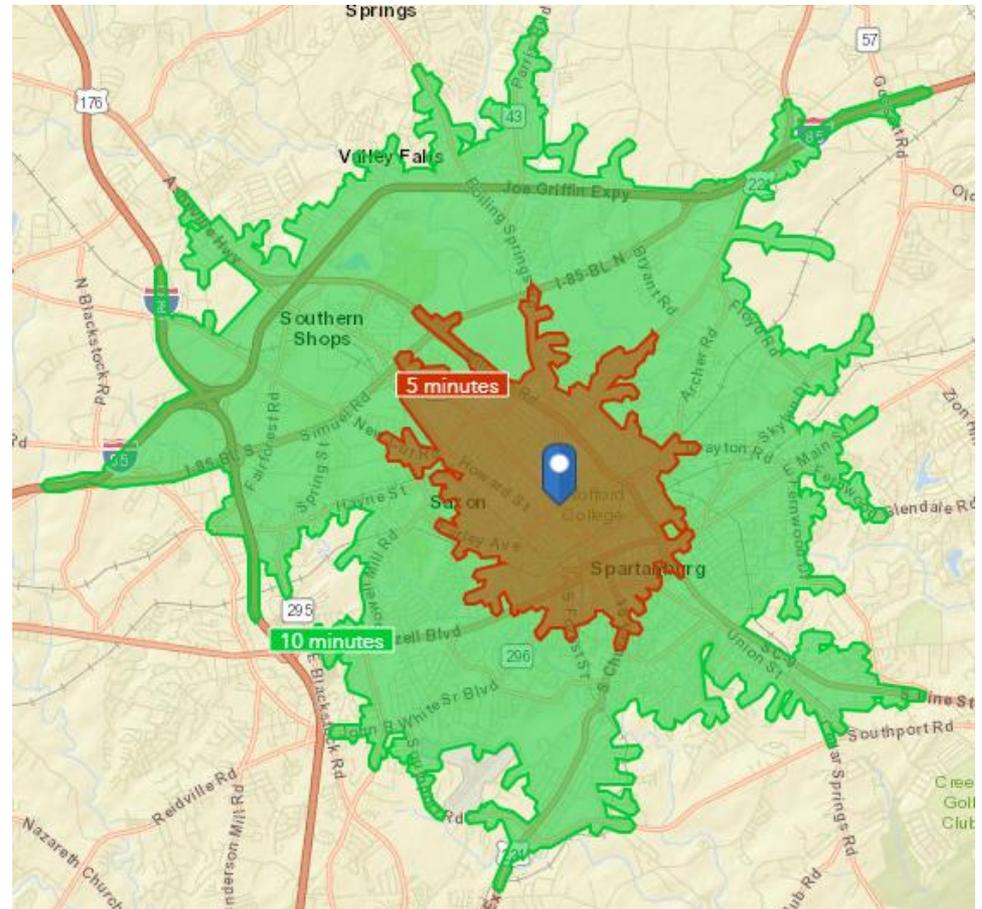


Market Analysis: Drive Trade Area

A five and a ten minute drive time trade area were selected to illustrate the range from which our development will draw customers. It is an ideal drive time for employees of local companies, as the area has seen a rebirth of urban living for downtown and other local employees, given recent developments' successes. The trade area includes several areas outside the city itself, but within Spartanburg county.

Given the rise in recent rental residential developments in the Downtown Spartanburg area, the community has shown a desire to move back into the city and embrace the urban lifestyle, as have residents throughout major markets nationwide.

The expectation is that this will continue to drive growth in the downtown area, so care needs to be taken to ensure that current residents are not priced out of the market.

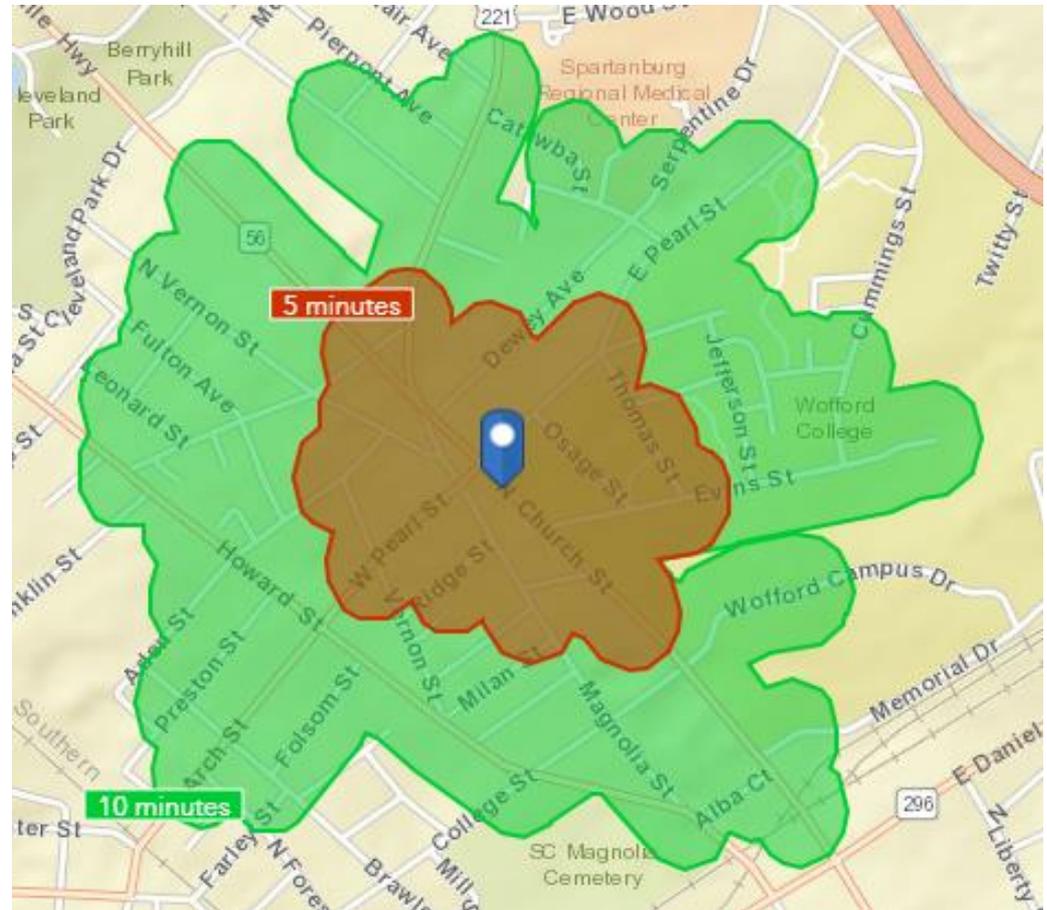


Market Analysis: Walk Trade Area

A five to ten minute walk time was also drawn around the site given the urban nature of the property and proximity to local residences and areas under redevelopment.

The Northside Initiative Master Plan calls for upgraded pedestrian sidewalks and bicycle lanes throughout the community, as well as the reactivation of Magnolia Avenue, which once held a trolley line through the city.

Part of the redevelopment of the Northside and growth of Downtown Spartanburg should be a re-envisioning of local transportation, and possibly the reinstatement of a trolley bus system similar to Greenville's that would better connect the downtown areas to the residential areas surrounding it, and provide for an additional tourist attraction given the preservation of the city's historic architecture.



Market Analysis: Employment & Labor

Spartanburg County has a relatively low unemployment due to the presence of several large employers that employ large numbers of workers. Unemployment levels are at a potentially unsustainable level considering the job creation in the city, and will require an influx of outside labor to continue to accommodate the need. Current major employers all have deep ties to the community and have made large investments in their facilities, indicating that they intend to remain for the long term.

Economic development is strong in the area with the state and local governments providing incentives for existing employers to remain and new employers to relocate to the region. Unemployment levels are extremely low for the region and the county, well below the national unemployment rates due to the high concentration of healthcare and manufacturing jobs, the trained labor force, and the willingness of the local, regional, and state governments to attract these employers.

Spartanburg - Unemployment, 2018			
Month	Labor Force	Unemployed	Rate
Jan	146,913	6,689	4.6%
Feb	148,082	6,037	4.1%
Mar	147,449	5,408	3.7%
Apr	146,117	3,640	2.5%

Upstate - Unemployment, 2018			
Month	Labor Force	Unemployed	Rate
Jan	685,313	31,957	4.7%
Feb	688,154	29,009	4.2%
Mar	687,803	25,909	3.8%
Apr	678,035	17,398	2.6%

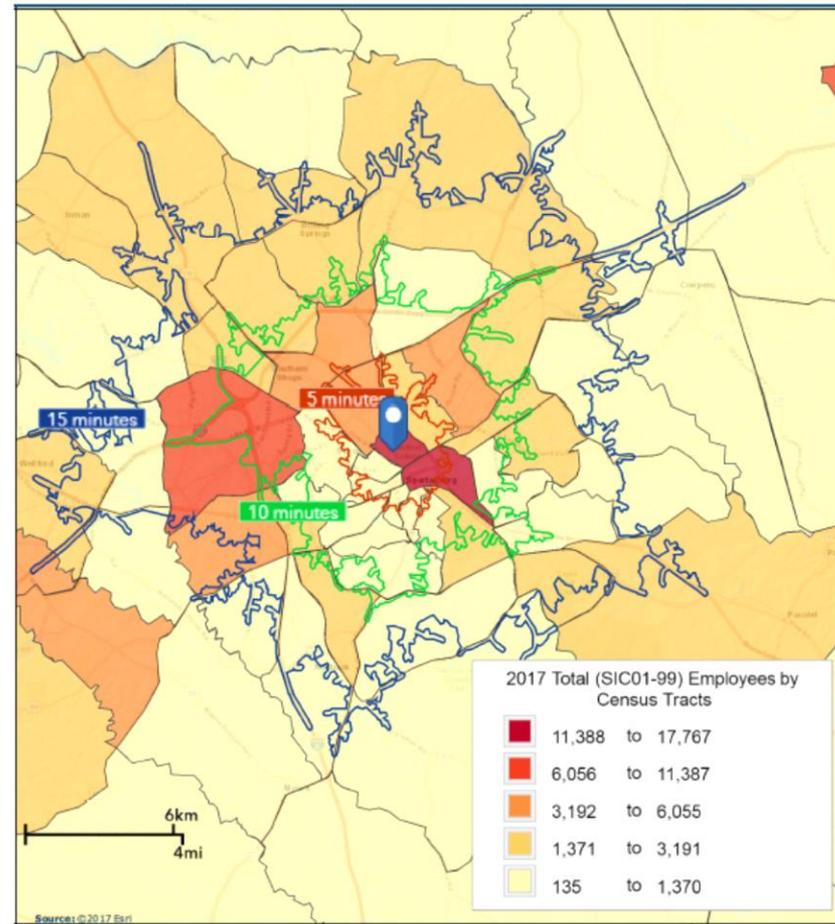
Company name	# Employees	Line of Business
BMW Manufacturing Corp.	8800	Automobile Manufacturers
Spartanburg Regional Healthcare System	6100	Health Care/Hospitals
Milliken & Company	3200	Broadwoven fabric mills
Adidas America Inc.	1780	Footwear and apparel distribution center
Spartanburg County	1437	County government and administration
Sealed Air Corporation, Cryovac Division	1100	Plastic Products, Food Packaging Products and Solutions
DAA Draxlmaier Automotive of America LLC	1016	Motor vehicle parts and accessories
Mary Black Health Systems LLC	950	General medical and surgical hospitals
AFL Telecommunications, LLC	900	Electronic components and systems, wiring and cables.
Inman Mills - Corporate Office	700	Advanced yarns and fabrics
R.R. Donnelley & Sons Company	650	Commercial printing
Hubbell Lighting / Columbia Lighting Inc.	650	Commercial lighting fixtures
Spartanburg Steel Products, Inc.	618	High quality metal stampings & welded sub-assemblies
University of South Carolina Upstate	600	Public, accredited four-year university.
DAA Drxlmaier Automotive of America LLC	509	Motor vehicle parts and accessories
Toray Industries Inc.	500	Carbon Fiber

Source: Upstate SC Alliance, 2016

Market Analysis: Employment & Labor

While employers are spread throughout the region, the largest concentration of employees resides in the area immediately surrounding the subject site and just to the southeast in downtown Spartanburg.

The statistics show that there are still a large number of employees that live farther out and either struggle with or are content with a longer commute, but there is likely room in the market for those that wish to find housing located closer to their work.



Market Analysis: Major Employers by Industry

The largest employers in the area are unsurprisingly in the Manufacturing and Healthcare sectors.

Other sectors that employ large numbers of employees are Retail Trade, Accommodation and Food Service, Public Administration, and Construction.

The sectors with the most individual businesses are Retail Trade, Healthcare, Professional, Scientific and Technical Services, Finance and Insurance, and Public Administration.

Data for all businesses in area	10 minutes
Total Businesses:	3,338
Total Employees:	61,069
Total Residential Population:	58,287
Employee/Residential Population Ratio (per 100 Residents)	105

by NAICS Codes	Businesses		Employees	
	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing & Hunting	3	0.1%	22	0.0%
Mining	1	0.0%	20	0.0%
Utilities	2	0.1%	139	0.2%
Construction	155	4.6%	1,858	3.0%
Manufacturing	134	4.0%	5,738	9.4%
Wholesale Trade	129	3.9%	1,650	2.7%
Retail Trade	487	14.6%	4,559	7.5%
Motor Vehicle & Parts Dealers	90	2.7%	909	1.5%
Furniture & Home Furnishings Stores	19	0.6%	116	0.2%
Electronics & Appliance Stores	19	0.6%	156	0.3%
Bldg Material & Garden Equipment & Supplies Dealers	34	1.0%	480	0.8%
Food & Beverage Stores	77	2.3%	810	1.3%
Health & Personal Care Stores	50	1.5%	602	1.0%
Gasoline Stations	22	0.7%	96	0.2%
Clothing & Clothing Accessories Stores	47	1.4%	207	0.3%
Sport Goods, Hobby, Book, & Music Stores	22	0.7%	126	0.2%
General Merchandise Stores	33	1.0%	495	0.8%
Miscellaneous Store Retailers	63	1.9%	404	0.7%
Nonstore Retailers	12	0.4%	159	0.3%
Transportation & Warehousing	58	1.7%	606	1.0%
Information	63	1.9%	1,104	1.8%
Finance & Insurance	259	7.8%	1,812	3.0%
Central Bank/Credit Intermediation & Related Activities	123	3.7%	1,189	1.9%
Securities, Commodity Contracts & Other Financial	55	1.6%	246	0.4%
Insurance Carriers & Related Activities; Funds, Trusts &	82	2.5%	378	0.6%
Real Estate, Rental & Leasing	188	5.6%	828	1.4%
Professional, Scientific & Tech Services	282	8.4%	7,312	12.0%
Legal Services	102	3.1%	633	1.0%
Management of Companies & Enterprises	3	0.1%	33	0.1%
Administrative & Support & Waste Management & Remediation	94	2.8%	745	1.2%
Educational Services	66	2.0%	2,853	4.7%
Health Care & Social Assistance	386	11.6%	16,311	26.7%
Arts, Entertainment & Recreation	46	1.4%	312	0.5%
Accommodation & Food Services	226	6.8%	4,877	8.0%
Accommodation	29	0.9%	950	1.6%
Food Services & Drinking Places	197	5.9%	3,927	6.4%
Other Services (except Public Administration)	443	13.3%	3,498	5.7%
Automotive Repair & Maintenance	95	2.8%	1,409	2.3%
Public Administration	194	5.8%	6,259	10.2%

Market Analysis: Major Employment Drivers



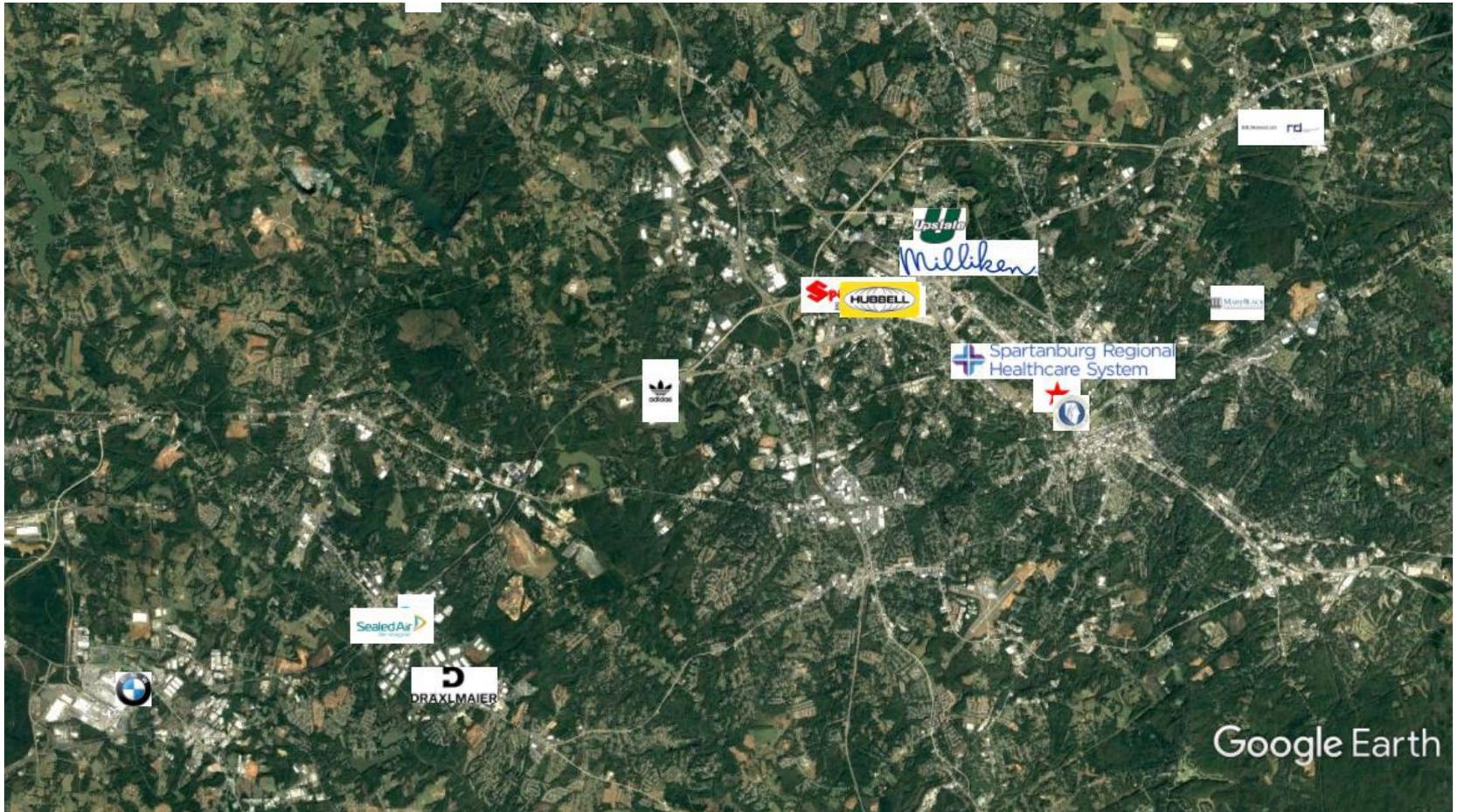
The future success and expansion of the area will depend heavily on its ability to continue to attract large manufacturers and other businesses.

The strength of the healthcare system in the area will continue to be a benefit and draw to people and business to move to the area

The large number of Colleges and other secondary learning institutions in the area provide a trained and well educated workforce for employers to tap into.

The continued success and expansion of existing employers like BMW, Lockheed Martin, and Michelin will hopefully prove to others the viability of the area

Market Analysis: Demand Generators



Market Analysis: Local Projects - The Montgomery Building



The Montgomery Building is an iconic building in Spartanburg, South Carolina. It was built in 1924, and is a ten-story, steel frame skyscraper faced with precast concrete and is listed on the National Register of Historic

The building has housed the offices of textile companies, cotton brokers, and various manufacturing companies. In addition to offices the building also housed a 1300 seat theatre.

It is in the midst of a 29 million dollar renovation that will transform the space into a mixed use development with 20,000 square feet of office space, 63 apartments, 4000 square feet of restaurant space and several thousand square feet of retail space.

Market Analysis: Local Projects - AC Hotel



The AC Hotel in Downtown Spartanburg opened December 2017. The \$20 million dollar project is 100,000 square feet on 10 floors, with 114 rooms, and a rooftop restaurant.

The exterior of the structure is comprised of over 250,000 bricks and detailed stone sculpting while the inside features ornate crown moldings, raised paneling, and other traditional architectural detailing alongside modern fixtures, furnishings, and artwork.

The hotel was designed with sustainability in mind and has attained the Leadership in Energy and Environmental Design Silver Certification.

Market Analysis: Local Projects - Aug Smith on Main



The building at 174 E. Main St. was designed by Lockwood, Greene and Co. in Boston, who designed the recently completed Montgomery Building on nearby Church Street. Aug W. Smith operated a department store in this location for more than 55 years, until closing in 1981. The building later housed Bishop Furniture from 1984 until 2009.

The building has undergone an \$8 million renovation to include 45 apartment units, 3,600 square feet of ground-level retail space and 4,200 square feet of additional commercial space in the basement level.

Market Analysis: Local Projects – Main & Morgan



A mixed-use development at West Main and Daniel Morgan, beside the Cantrell Wagon building, is a five-story mixed-use development that promises 30 new apartment units as well as 3,000 square feet of ground floor retail space.

Co-owned and operated by business partners, Royce Camp and Livia Cantrell, this property includes a total of 17 1 BR 1 Bath units and 2 BR 2 Bath units. All apartment styles are provided with W/D stacker units.

Market Analysis: New Development Pipeline

According to the Spartanburg Economic Futures Group, the county can expect a large influx of jobs in the near future with recent announcements in economic development. Spartanburg's location near the Inland Port in Greer, SC and within 2 hours of both Charlotte, NC and Atlanta, GA has helped to secure a large amount of investment from companies needing the skilled workforce located here and the proximity to those major metropolitan markets.

Keurig Green Mountain has announced a new operations center in Spartanburg County that is expected to bring \$350 million in capital investments and create 500 new jobs.

Smith Farms Industrial Park is under development and is expected to be the home to over 5.9 million square feet of Class A industrial space.

As far as new residential, there are several developments that are planned within the city, but most with a small number of homes, with one notable exception. More developments are planned for outside the city limits, but within Spartanburg County, and will not provide the proximity to the Spartanburg Regional Health System and other downtown businesses and universities, nor the urban feel that many potential residents desire.

South Port Village that will add 300 multi-family units, 860 single-family units, and 22 acres of commercial uses. This development is closer to the junction of Interstates 85 and 26. The development is still in planning and does not have a current timeline for development.

Five new small developments have been approved by planning for a total of 174 single family homes and townhomes.

The historic Cantrell Wagon Building will provide 30 new apartments and 3,000 sf of retail space.

The Northside Initiative Master Plan calls for new mixed-income housing throughout the Northside that will activate the area further and bring new income and new market potential for new businesses.

Market Analysis: Trade Area General Demographics

Demographic	5 Minute Drive Time	10 Minute Drive Time
Population	11,792	55,932
Households	3,864	21,589
Families	2,220	12,637
Average Household Size	2.36	2.36
Owner Occupied Units	1,709	10,486
Renter Occupied Units	2,155	11,103
Median Age	31.3	33.0

With over 11,000 residents within a 5 minute drive and nearly 56,000 within a 10 minute drive the trade area is not lacking in potential customers.

Of the 3,894 households within a 5 minute drive from the site 2,155 are renters or 55.8% compared to the 1,709 who own their home or 44.2%.

The average size of each of these 3,864 households is 2.36 and their average age is 31.3

Market Analysis: Trade Area Income Demographics

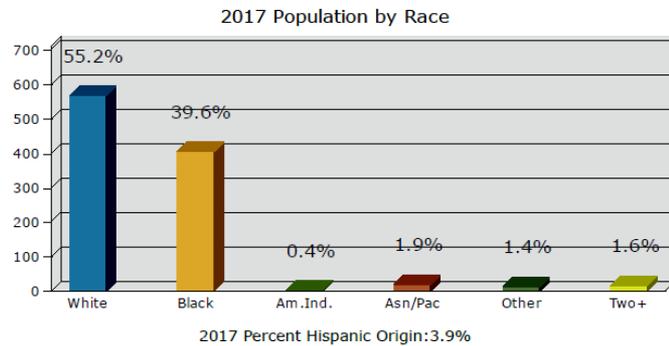
Household Income	5 Minute Drive Time	10 Minute Drive Time
<\$15,000	31.2%	25.7%
\$15,000-\$24,999	16.7%	16.4%
\$25,000-\$34,999	10.7%	11.1%
\$35,000-\$49,999	13.4%	13.9%
\$50,000-\$74,000	16.7%	16.6%
\$75,000-\$99,999	6.2%	8.1%
\$100,000-\$149,000	3.6%	5.4%
\$150,000-\$199,999	0.8%	1.4%
\$200,000+	0.7%	1.6%
Median Household Income	\$26,570	\$35,273
Average Household Income	\$38,544	\$46,137

The residents within the 5 minute drive time are in lower income brackets with nearly 50% earning less than \$25,000 a year and a similarly low median household income of \$26,570

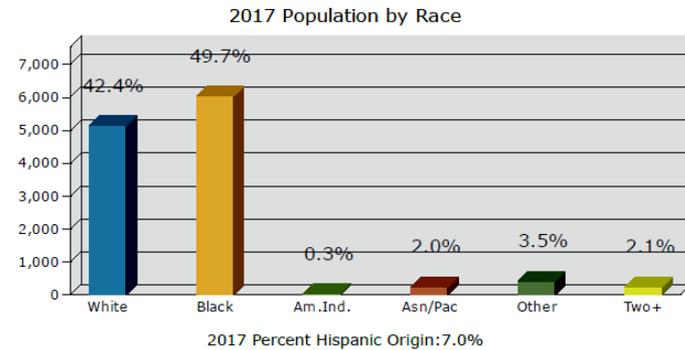
The 10 minute drive time yields healthier results but still relatively low with a median income of \$35,273

Market Analysis: Racial Demographic Analysis

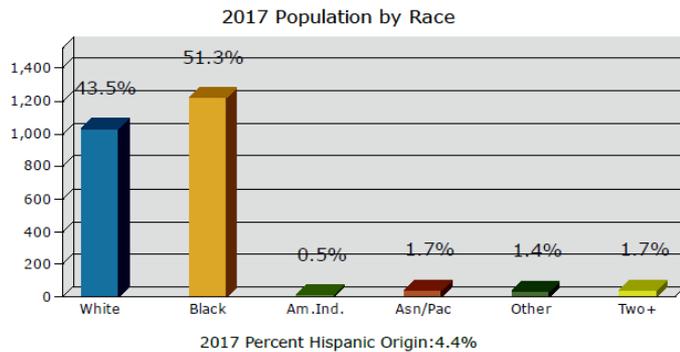
5 Minute Walk Time - ESRI



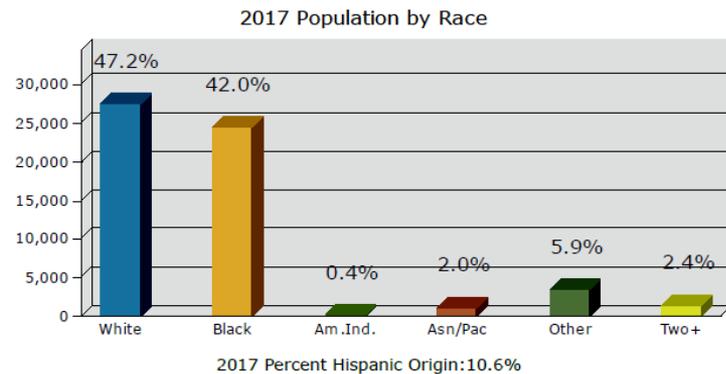
5 Minute Drive Time - ESRI



10 Minute Walk Time - ESRI



10 Minute Drive Time - ESRI



Market Analysis: Psychographics

Psychographic studies examine and classify people according to their attitudes, aspirations, and other psychological criteria. It involves asking specific groups of consumers questions about their activities, interests, preferences, and opinions.

Tapestry segmentation provides an accurate, detailed description of America's neighborhoods U.S. residential areas are divided into 67 distinctive segments based on their socioeconomic and demographic composition

Tapestry Segment	5 Min Drive	10 Min Drive
Hardscrabble Road	19.4%	11.5%
City Commons	17.1%	9.6%
Modest Income Homes	16.0%	12.6%
Small Town Simplicity	14.2%	10.5%
Set to Impress	7.7%	7.2%

LifeMode Group: Middle Ground

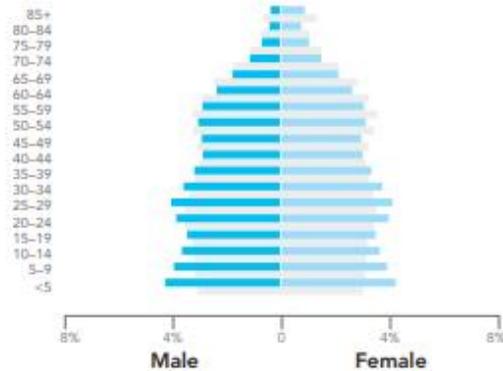
Hardscrabble Road



AGE BY SEX (Esri data)

Median Age: **32.4** US: 38.2

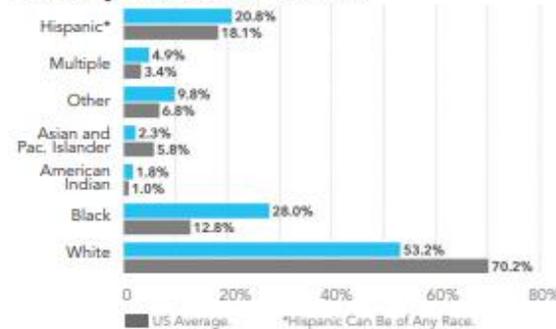
■ Indicates US



RACE AND ETHNICITY (Esri data)

The Diversity Index summarizes racial and ethnic diversity. The index shows the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups. The index ranges from 0 (no diversity) to 100 (complete diversity).

Diversity Index: **75.7** US: 64.0



INCOME AND NET WORTH

Net worth measures total household assets (homes, vehicles, investments, etc.) less any debts, secured (e.g., mortgages) or unsecured (credit cards). Household income and net worth are estimated by Esri.

Median Household Income

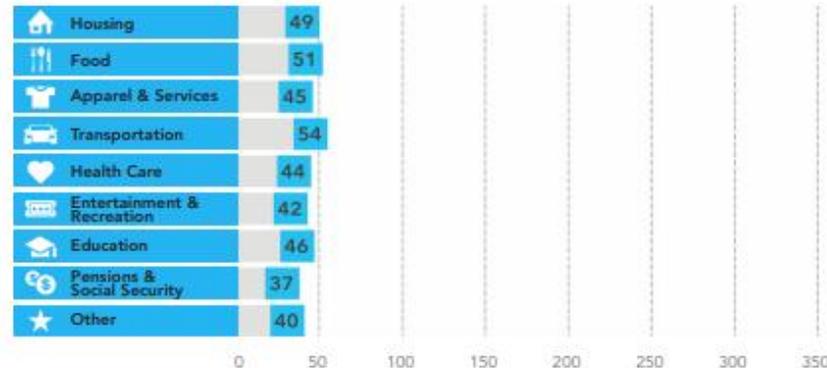


Median Net Worth



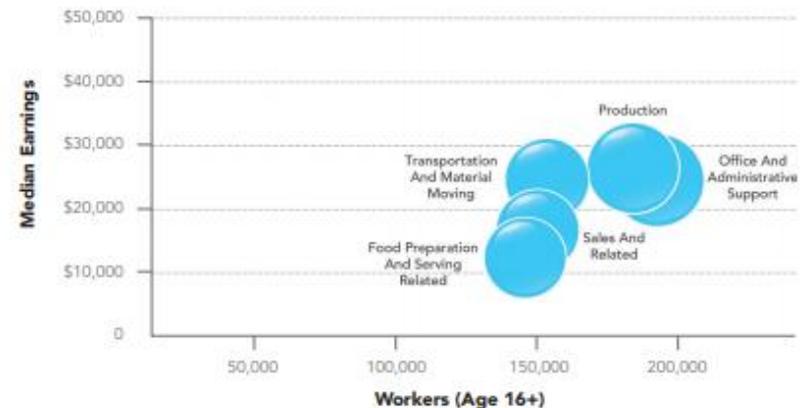
AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Esri.



OCCUPATION BY EARNINGS

The five occupations with the highest number of workers in the market are displayed by median earnings. Data from the Census Bureau's American Community Survey.



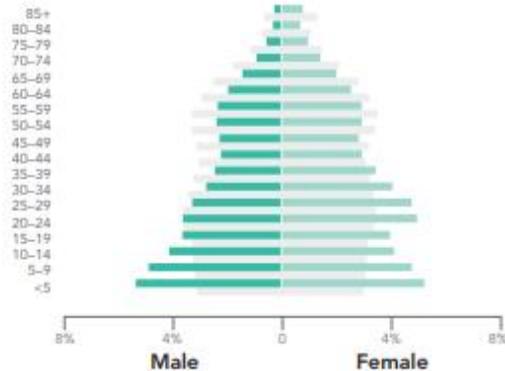
LifeMode Group: Midtown Singles City Commons

11E

AGE BY SEX (Esri data)

Median Age: **28.5** US: 38.2

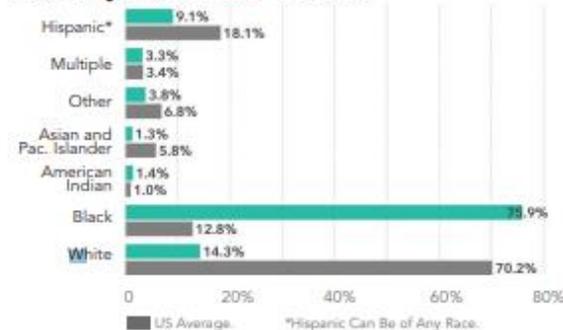
■ Indicates US



RACE AND ETHNICITY (Esri data)

The Diversity Index summarizes racial and ethnic diversity. The index shows the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups. The index ranges from 0 (no diversity) to 100 (complete diversity).

Diversity Index: **50.2** US: 64.0



INCOME AND NET WORTH

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Median Household Income

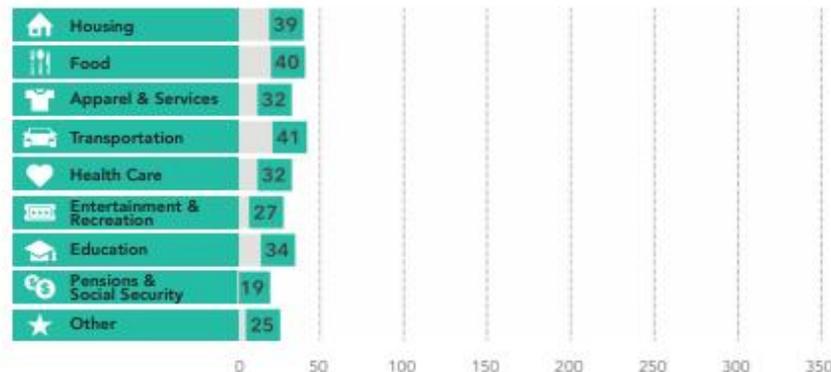


Median Net Worth



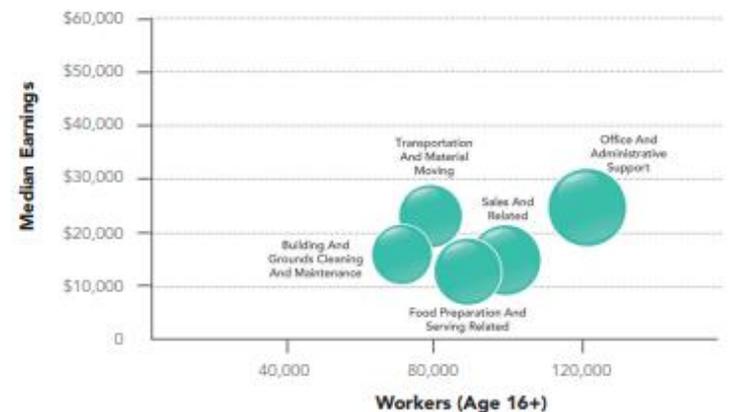
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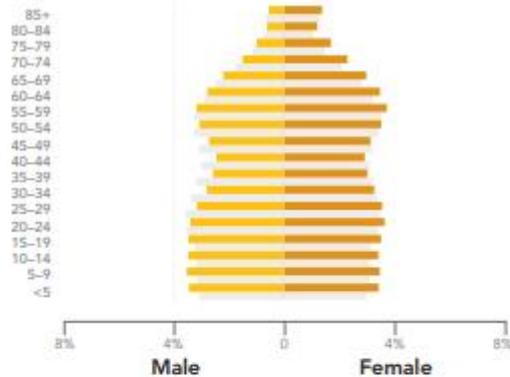
Modest Income Homes



AGE BY SEX (Esri data)

Median Age: **37.0** US: 38.2

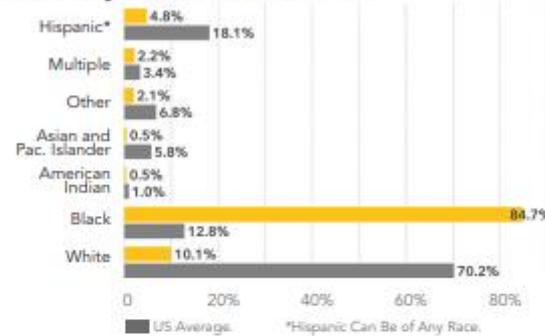
■ Indicates US



RACE AND ETHNICITY (Esri data)

The Diversity Index summarizes racial and ethnic diversity. The index shows the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups. The index ranges from 0 (no diversity) to 100 (complete diversity).

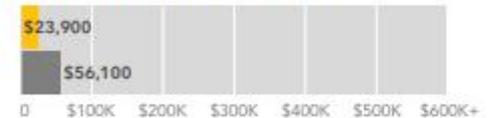
Diversity Index: **34.0** US: 64.0



INCOME AND NET WORTH

Net worth measures total household assets (homes, vehicles, investments, etc.) less any debts, secured (e.g., mortgages) or unsecured (credit cards). Household income and net worth are estimated by Esri.

Median Household Income

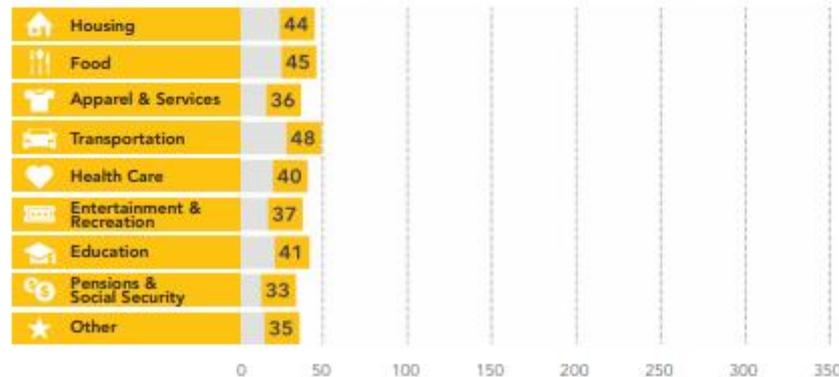


Median Net Worth



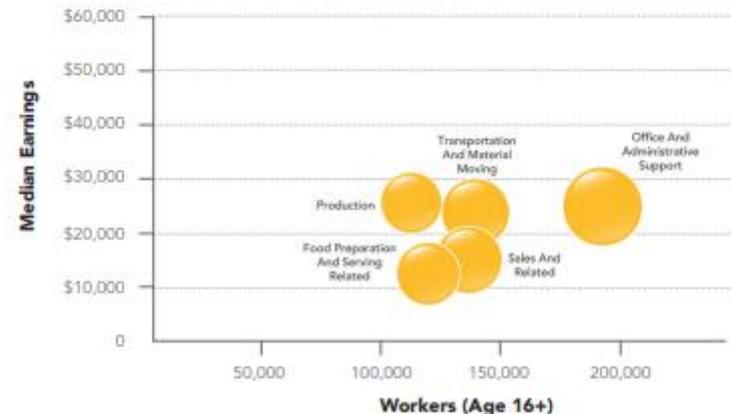
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OCCUPATION BY EARNINGS

The five occupations with the highest number of workers in the market are displayed by median earnings. Data from the Census Bureau's American Community Survey.



Market Analysis: Housing Stock

A look at the housing stock within the city of Spartanburg reveals what could be expected considering local income levels.

Of the 10,658 owner occupied housing units 16% are worth less than \$50,000 and 53.7% are worth less than \$100,000.

The median value of a house in the City of Spartanburg is \$95,130 while the average is \$135,846.

Looking forward to 2022 the median value is projected to break \$100K at \$104,457 while the average goes to \$157,590.

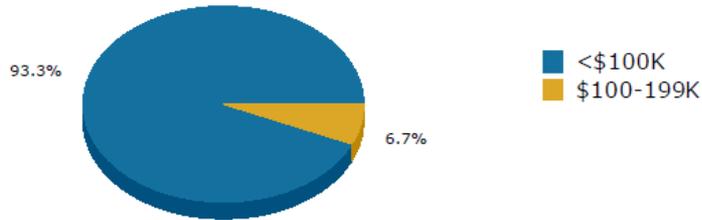
Housing Units by Occupancy Status and Tenure	Census 2010		2017		2022	
	Number	Percent	Number	Percent	Number	Percent
Total Housing Units	25,197	100.0%	26,358	100.0%	27,311	100.0%
Occupied	21,589	85.7%	22,329	84.7%	23,047	84.4%
Owner	10,486	41.6%	10,670	40.5%	10,903	39.9%
Renter	11,103	44.1%	11,659	44.2%	12,144	44.5%
Vacant	3,608	14.3%	4,030	15.3%	4,264	15.6%

Owner Occupied Housing Units by Value	2017		2022	
	Number	Percent	Number	Percent
Total	10,658	100.0%	10,893	100.0%
<\$50,000	1,706	16.0%	1,440	13.2%
\$50,000-\$99,999	4,014	37.7%	3,781	34.7%
\$100,000-\$149,999	2,463	23.1%	2,530	23.2%
\$150,000-\$199,999	1,075	10.1%	1,202	11.0%
\$200,000-\$249,999	401	3.8%	445	4.1%
\$250,000-\$299,999	226	2.1%	255	2.3%
\$300,000-\$399,999	277	2.6%	386	3.5%
\$400,000-\$499,999	166	1.6%	323	3.0%
\$500,000-\$749,999	179	1.7%	349	3.2%
\$750,000-\$999,999	44	0.4%	69	0.6%
\$1,000,000+	107	1.0%	113	1.0%
Median Value		\$95,130		\$104,457
Average Value		\$135,846		\$157,590

Market Analysis: Housing Stock

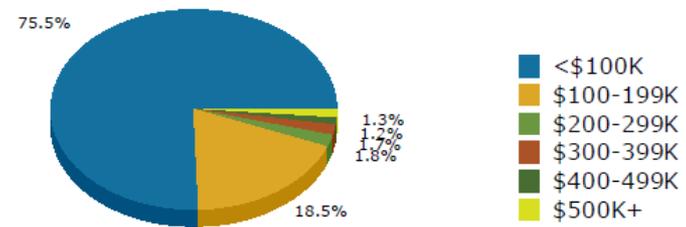
5 Minute Walk Time - ESRI

2017 Home Value



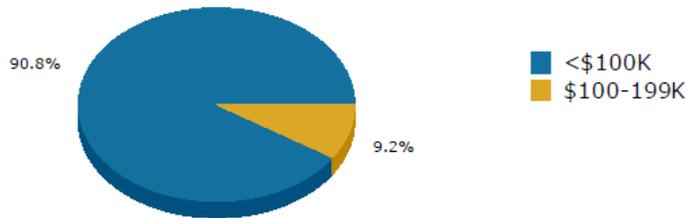
5 Minute Drive Time - ESRI

2017 Home Value



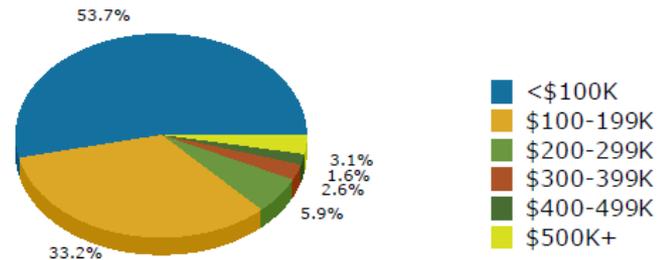
10 Minute Walk Time - ESRI

2017 Home Value



10 Minute Drive Time - ESRI

2017 Home Value



Market Analysis: Spartanburg Consumer Spending

Average consumer spending does not present any surprises on in either the 5 or 10 minute drive time.

Residents tend to spend roughly 1/3 on housing and less than 15% on transportation.

Food in and away from home is another major expense at over 12% of total.

	Average Amount Spent	Average Amount Spent
Total Expenditures	\$34,084.31	\$40,653.26
Food	\$4,290.38	\$5,095.49
Food at Home	\$2,634.15	\$3,116.13
Food Away from Home	\$1,656.24	\$1,979.35
Alcoholic Beverages	\$266.50	\$317.25
Housing	\$10,730.61	\$12,661.01
Shelter	\$8,061.73	\$9,508.75
Utilities, Fuel and Public Services	\$2,668.88	\$3,152.26
Household Operations	\$854.49	\$1,029.48
Housekeeping Supplies	\$361.41	\$432.06
Household Furnishings and Equipment	\$941.21	\$1,131.86
Apparel and Services	\$1,047.29	\$1,251.85
Transportation	\$4,169.62	\$4,972.38
Travel	\$887.65	\$1,084.23
Health Care	\$2,706.61	\$3,268.22
Entertainment and Recreation	\$1,517.18	\$1,819.64
Personal Care Products & Services	\$381.30	\$457.18
Education	\$717.42	\$845.11
Smoking Products	\$272.55	\$311.73
Lotteries & Pari-mutuel Losses	\$31.31	\$35.49
Legal Fees	\$94.79	\$110.80
Funeral Expenses	\$48.33	\$56.70
Safe Deposit Box Rentals	\$2.14	\$2.60
Checking Account/Banking Service Charges	\$21.29	\$24.09
Cemetery Lots/Vaults/Maintenance Fees	\$4.89	\$5.60
Accounting Fees	\$34.98	\$42.87
Miscellaneous Personal Services/Advertising/Fine	\$33.41	\$38.88
Occupational Expenses	\$27.22	\$32.64
Expenses for Other Properties	\$54.80	\$62.83
Credit Card Membership Fees	\$2.20	\$2.63
Shopping Club Membership Fees	\$9.26	\$11.27
Support Payments/Cash Contributions/Gifts in Kind	\$1,092.00	\$1,324.08
Life/Other Insurance	\$181.55	\$222.94
Pensions and Social Security	\$3,301.91	\$4,002.36

Market Analysis: Spartanburg Gap Analysis

Gap analysis does not indicate an obvious need within the trade area.

This is likely a result of Spartanburg being a destination for a variety of different needs as well as a function of having a significantly higher daytime population than resident population.

As a result the supply provided far outweighs the demand of the immediate community.

Industry Summary	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Total Retail Trade and Food & Drink	44-45,722	\$511,640,756	\$1,164,337,586	-\$652,696,830	-38.9	669
Total Retail Trade	44-45	\$463,023,594	\$1,033,361,822	-\$570,338,228	-38.1	478
Total Food & Drink	722	\$48,617,162	\$130,975,764	-\$82,358,602	-45.9	190
Industry Group	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers	441	\$100,659,980	\$326,861,355	-\$226,201,375	-52.9	89
Automobile Dealers	4411	\$81,602,925	\$291,667,142	-\$210,064,217	-56.3	44
Other Motor Vehicle Dealers	4412	\$8,850,029	\$10,667,937	-\$1,817,908	-9.3	6
Auto Parts, Accessories & Tire Stores	4413	\$10,207,025	\$24,526,276	-\$14,319,251	-41.2	39
Furniture & Home Furnishings Stores	442	\$15,855,936	\$19,476,354	-\$3,620,418	-10.2	19
Furniture Stores	4421	\$10,383,438	\$8,306,629	\$2,076,809	11.1	10
Home Furnishings Stores	4422	\$5,472,498	\$11,169,725	-\$5,697,227	-34.2	9
Electronics & Appliance Stores	443	\$13,136,084	\$28,264,945	-\$15,128,861	-36.5	20
Bldg Materials, Garden Equip. & Supply Stores	444	\$30,229,445	\$111,879,036	-\$81,649,591	-57.5	34
Bldg Material & Supplies Dealers	4441	\$28,721,737	\$108,789,456	-\$80,067,719	-58.2	26
Lawn & Garden Equip & Supply Stores	4442	\$1,507,708	\$3,089,579	-\$1,581,871	-34.4	8
Food & Beverage Stores	445	\$83,132,369	\$144,696,248	-\$61,563,879	-27.0	56
Grocery Stores	4451	\$76,127,375	\$129,617,919	-\$53,490,544	-26.0	33
Specialty Food Stores	4452	\$2,920,796	\$2,337,482	\$583,314	11.1	8
Beer, Wine & Liquor Stores	4453	\$4,084,197	\$12,740,847	-\$8,656,650	-51.5	16
Health & Personal Care Stores	446,4461	\$29,953,080	\$125,752,629	-\$95,799,549	-61.5	46
Gasoline Stations	447,4471	\$55,506,480	\$111,228,406	-\$55,721,926	-33.4	42
Clothing & Clothing Accessories Stores	448	\$20,121,117	\$24,560,933	-\$4,439,816	-9.9	47
Clothing Stores	4481	\$13,205,095	\$14,700,775	-\$1,495,680	-5.4	28
Shoe Stores	4482	\$3,184,879	\$5,772,922	-\$2,588,043	-28.9	8
Jewelry, Luggage & Leather Goods Stores	4483	\$3,731,143	\$4,087,236	-\$356,093	-4.6	11
Sporting Goods, Hobby, Book & Music Stores	451	\$12,677,541	\$16,399,316	-\$3,721,775	-12.8	22
Sporting Goods/Hobby/Musical Instr Stores	4511	\$10,720,054	\$11,006,740	-\$286,686	-1.3	18
Book, Periodical & Music Stores	4512	\$1,957,488	\$5,392,576	-\$3,435,088	-46.7	5
General Merchandise Stores	452	\$76,637,033	\$79,575,888	-\$2,938,855	-1.9	31
Department Stores Excluding Leased Depts.	4521	\$56,293,923	\$56,869,014	-\$575,091	-0.5	11
Other General Merchandise Stores	4529	\$20,343,110	\$22,706,874	-\$2,363,764	-5.5	19
Miscellaneous Store Retailers	453	\$17,799,946	\$37,177,953	-\$19,378,007	-35.2	65
Florists	4531	\$578,438	\$2,246,116	-\$1,667,678	-59.0	5
Office Supplies, Stationery & Gift Stores	4532	\$3,726,946	\$8,667,600	-\$4,940,654	-39.9	17
Used Merchandise Stores	4533	\$2,149,698	\$4,076,899	-\$1,927,201	-31.0	12
Other Miscellaneous Store Retailers	4539	\$11,344,865	\$22,187,338	-\$10,842,473	-32.3	31
Nonstore Retailers	454	\$7,314,583	\$7,488,759	-\$174,176	-1.2	7
Electronic Shopping & Mail-Order Houses	4541	\$5,072,927	\$1,050,955	\$4,021,972	65.7	2
Vending Machine Operators	4542	\$293,930	\$0	\$293,930	100.0	0
Direct Selling Establishments	4543	\$1,947,726	\$6,437,804	-\$4,490,078	-53.5	5
Food Services & Drinking Places	722	\$48,617,162	\$130,975,764	-\$82,358,602	-45.9	190
Special Food Services	7223	\$675,957	\$534,947	\$141,010	11.6	4
Drinking Places - Alcoholic Beverages	7224	\$3,124,466	\$6,014,865	-\$2,890,399	-31.6	18
Restaurants/Other Eating Places	7225	\$44,816,740	\$124,425,952	-\$79,609,212	-47.0	168

Market Analysis: Demographic Analysis

The Northside is an area that has struggled with income disparity for decades, but its residents are hard-working individuals that actively try to improve their positions economically. As shown previously, there is more than adequate employment in the area to allow that to happen over the next 10-15 years, and the short term improvements to the area by the Northside Development Group and outside employers are already having a positive effect on the community.

Retail expenditures in these demographics are low, however, the students at Wofford College are not included in these demographics due to the fact that they live on campus and are not included in census data. Based on the tuition rates and demographics of the students, there is additional expendable money and an additional need for experiential urban retail to service the students.

The proximity of Downtown Spartanburg and the Spartanburg Regional Healthcare System bring an additional need for lunchtime dining establishments and services.

The local residents have expressed a need for healthy food items and employment opportunities, so job creation at this site should be taken into consideration, as well as housing for those that may be displaced as the area is redeveloped. The Northside Initiative is dedicated to ensuring that gentrification does not push out the existing residents, and that the redevelopment of the area includes their needs into the master plan of the area.

Market Analysis: Spartanburg Retail Market Rental Rates

Rental Rates

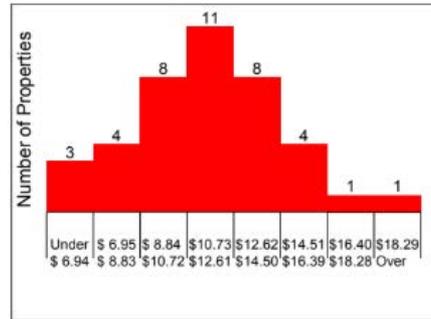
Anchor tenant median asking rents were \$8.58 and \$9.61 respectively with highs of \$15.02 and \$18.51

For non-anchor tenants rents ranged from \$5.05-\$20.19 with a median of \$12.10

Growth rates for both have been struggling to remain positive for the last few quarters

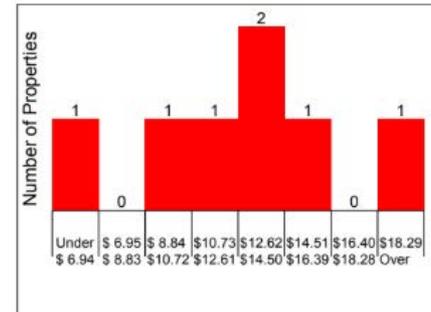
Nonanchor Asking Rent Distribution

Low	25%	Mean	Median	75%	High
\$ 5.05	\$ 9.81	\$10.50	\$12.08	\$14.00	\$17.01



Nonanchor Asking Rent Distribution

Low	25%	Mean	Median	75%	High
\$ 6.09	\$10.05	\$11.41	\$12.12	\$13.49	\$20.19



Neighborhood Shopping Centers (NSC)

Anchor Asking Rent Distribution	Low	25%	Mean	Median	75%	High
	\$ 2.00	\$ 7.22	\$ 8.97	\$ 8.58	\$10.07	\$15.02

Nonanchor Asking Rent by Age

Year Built	Rent
Before 1970	\$ 7.20
1970-1979	\$ 8.77
1980-1989	\$12.24
1990-1999	\$12.64
2000-2009	\$12.89
After 2009	\$21.23
All	\$10.50

As of 03/31/18

	Asking Rent Growth					
	Quarterly			Annualized		
	1Q18	4Q17	YTD Avg	1 Year	3 Year	5 Year
Spartanburg	0.6%	-0.9%	0.6%	-0.6%	0.7%	0.3%
Greenville	-0.1%	-0.7%	-0.1%	-0.3%	1.5%	1.0%
South Atlantic	0.5%	0.5%	0.5%	2.2%	2.2%	2.0%
United States	0.5%	0.5%	0.5%	2.0%	2.0%	1.9%
Period Ending:	03/31/18	12/31/17	03/31/18	12/31/17	12/31/17	12/31/17

Community Shopping Centers (CSC)

Anchor Asking Rent Distribution	Low	25%	Mean	Median	75%	High
	\$ 5.41	\$ 8.45	\$10.45	\$ 9.61	\$12.20	\$18.51

Nonanchor Asking Rent by Age

Year Built	Rent
Before 1970	\$11.23
1970-1979	n/a
1980-1989	\$11.66
1990-1999	\$13.83
2000-2009	n/a
After 2009	n/a
All	\$11.41

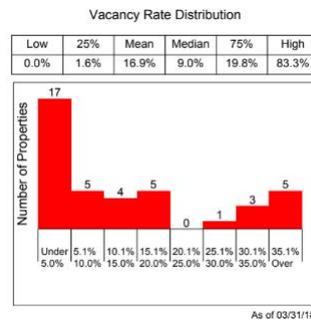
	Asking Rent Growth					
	Quarterly			Annualized		
	1Q18	4Q17	YTD Avg	1 Year	3 Year	5 Year
Spartanburg	-0.1%	-1.3%	-0.1%	-0.5%	0.1%	0.5%
Greenville	0.5%	-1.1%	0.5%	-0.5%	1.0%	1.0%
South Atlantic	0.5%	0.5%	0.5%	2.0%	2.1%	1.8%
United States	0.4%	0.6%	0.4%	1.9%	1.8%	1.7%
Period Ending:	03/31/18	12/31/17	03/31/18	12/31/17	12/31/17	12/31/17

Market Analysis: Spartanburg Retail Market Vacancy Rates

Neighborhood Shopping Centers (NSC)

Vacancy Rates

Vacancy rates among properties range from below 5% to over 35.1%. The average of the two types of centers is 17.6%



Vacancy Rate By Age

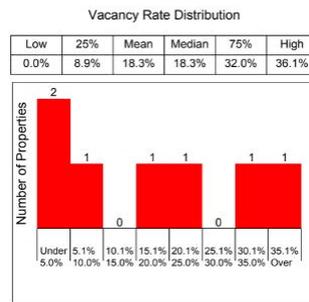
Year Built	Vac. Rate
Before 1970	12.9%
1970-1979	8.1%
1980-1989	16.7%
1990-1999	31.9%
2000-2009	8.4%
After 2009	8.0%
All	16.9%

As of 03/31/18

	Vacancy Rates					
	Quarterly			Annualized		
	1Q18	4Q17	YTD Avg	1 Year	3 Year	5 Year
Spartanburg	16.9%	17.2%	16.9%	16.3%	15.9%	15.8%
Greenville	13.8%	13.7%	13.8%	13.5%	13.9%	14.0%
South Atlantic	9.7%	9.7%	9.7%	9.8%	10.2%	10.7%
United States	10.3%	10.3%	10.3%	10.3%	10.6%	10.9%
Period Ending:	03/31/18	12/31/17	03/31/18	12/31/17	12/31/17	12/31/17

Age does not appear to be as large of a factor in vacancy as Neighborhood Shopping Centers built before 1970 have lower vacancy than those built during the 1990's

Community Shopping Centers (CSC)



Vacancy Rate By Age

Year Built	Vac. Rate
Before 1970	24.2%
1970-1979	n/a
1980-1989	15.3%
1990-1999	13.1%
2000-2009	n/a
After 2009	n/a
All	18.3%

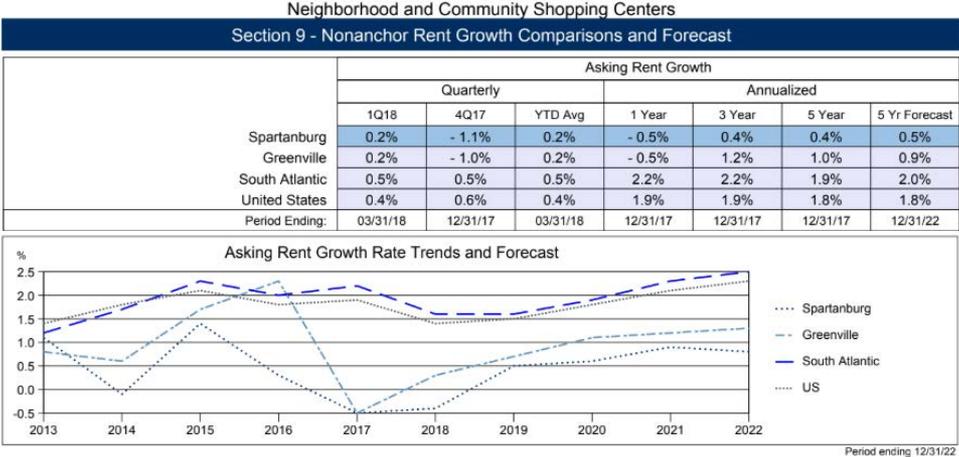
As of 03/31/18

	Vacancy Rates					
	Quarterly			Annualized		
	1Q18	4Q17	YTD Avg	1 Year	3 Year	5 Year
Spartanburg	18.3%	18.2%	18.3%	17.3%	16.8%	16.5%
Greenville	11.8%	11.8%	11.8%	11.5%	11.5%	12.1%
South Atlantic	9.5%	9.5%	9.5%	9.3%	9.3%	9.5%
United States	9.7%	9.6%	9.7%	9.5%	9.4%	9.5%
Period Ending:	03/31/18	12/31/17	03/31/18	12/31/17	12/31/17	12/31/17

Market Analysis: Spartanburg Retail Market Forecast

Rental Rates

Forecasted rental rates through the next 5 years do not have much growth at only 0.5%.



Vacancy Rates

Forecasted vacancy rates remain rather steady at 16-17% over a 5 year period.



Market Analysis: Spartanburg

Retail Market Local Needs

Given how the area has struggled with retail vacancy, building a large retail center on this site would not be recommended unless the surrounding uses indicate a strong need for specific dining, experiential, or service-based retail.

Northside residents have expressed a need for healthy foods, however, absent local financial incentives, it is unlikely that a grocery store will locate in this space. However, an Aldi or Sav-a-lot may view this as a favorable market. The site is not on the “going home” side of the road, but the signalized intersections at Pearl Street and Evins Street should alleviate that condition considerably.



Market Analysis: Spartanburg Retail Market Comps



550 S Church St, Spartanburg, SC 29306

- Year Built: 2007
- Lot size: 4.3 Acres
- Total Building Size: 45,000 Sf
- Space for Lease: 2,800 Sf
- Rental Rate: \$14.00
- Lease Type: Triple Net
- Lease Term: 3-5 Years



351 E Henry St, Spartanburg SC 29302

- Year Built: 1970
- Lot Size: 2.5 Acres
- Total Building Size: 11,088 Sf
- Space for Lease: 1,500 Sf
- Rental Rate: \$16.00
- Lease Type: Gross
- Lease Term: Negotiable

Market Analysis: Spartanburg Retail Market Comps



246 E Blackstock Rd Spartanburg, SC 29301

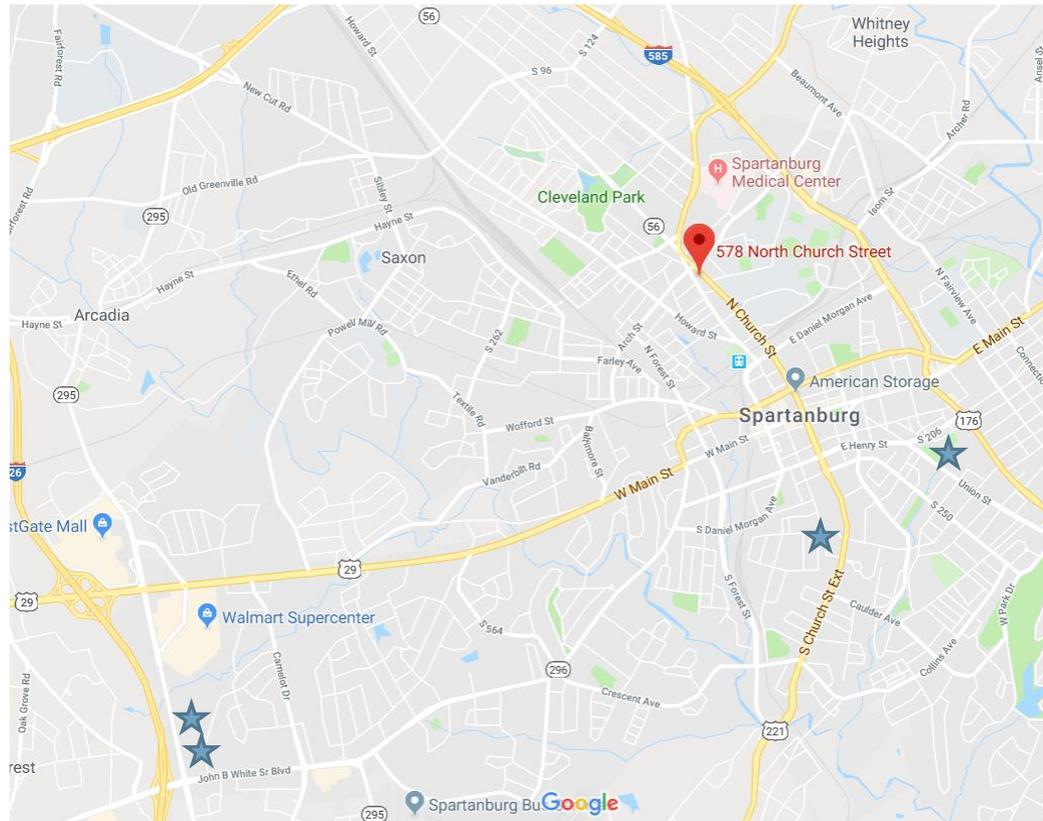
- Year Built: 1989
- Lot Size: 1.03 Acres
- Total Building Size: 9,356 Sf
- Space for Lease: 1,200 Sf
- Rental Rate: \$12.50
- Lease Type: Modified Gross
- Lease Term: Negotiable



227 E Blackstock Rd, Spartanburg, SC 29301

- Year Built: 2002
- Lot Size: 0.81 Acres
- Total Building Size: 5,400 Sf
- Space for Lease: 1,400 Sf
- Rental Rate: \$12.00
- Lease Type: Triple Net
- Lease Term: Negotiable

Market Analysis: Spartanburg Retail Comps Map



Market Analysis: Spartanburg Retail Comps Analysis



These comps were selected from the surrounding area because they are they are the type of retail properties we imagine building on our subject site. While none of them are brand new they are still generally in good shape and are similar in size to what we believe our developments spaces would be.

We believe that the 550 S Church St property is the best comp as it is a similar distance outside of downtown Spartanburg and also fronts the same street.

Our development would be superior to these properties as it would be brand new, have attached residential, and more complimentary surrounding uses.

As a result of this we believe that we could charge rents above \$15.00/Sf and remain competitive with the market

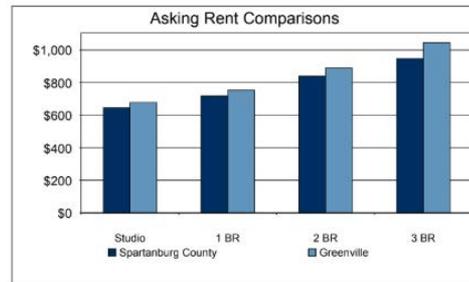
Market Analysis: Spartanburg Multi-Family Market Composition

Multifamily apartment rents in the Spartanburg submarket range from an average \$646 for a studio unit to \$947 for a three bedroom unit.

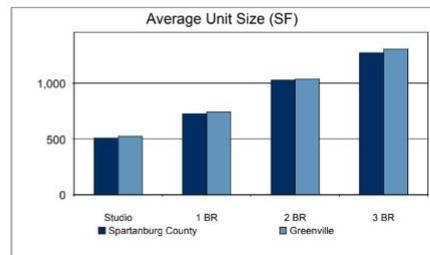
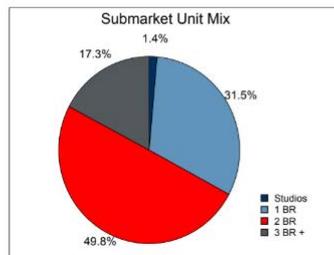
The average SF of these units ranges from Studios at 507 to 1,271 for three bedroom units.

Taking these average rents divided by the average size of units gives the average rent per square foot between 1.27 \$/SF and 0.74\$/SF

Section 5 - Submarket Unit Mix Rent Details									
Current Submarket Average Rents and Sizes				Asking Rent Growth					
	1Q 2018			Quarterly			Annualized		
	Rent	Avg. SF	Avg. Rent PSF	1Q18	4Q17	YTD	1 Year	3 Year	5 Year
Studio/Efficiency	\$646	507	\$ 1.27	3.7%	3.3%	3.7%	11.4%	2.7%	6.6%
One Bedroom	\$718	727	\$ 0.99	-0.4%	0.1%	-0.4%	3.4%	4.8%	4.5%
Two Bedroom	\$840	1027	\$ 0.82	1.0%	1.8%	1.0%	6.0%	4.6%	4.2%
Three Bedroom	\$947	1271	\$ 0.74	1.2%	1.1%	1.2%	3.7%	4.0%	3.8%
Average over period ending:				03/31/18	12/31/17	03/31/18	12/31/17	12/31/17	12/31/17



Section 6 - Submarket Unit Mix Inventory Details



	Studio	1 BR	2 BR	3 BR
Spartanburg County	\$646	\$718	\$840	\$947
Greenville	\$678	\$753	\$889	\$1,044

As of 03/31/18

	Studio	1 BR	2 BR	3 BR
Spartanburg County	\$ 1.27	\$ 0.99	\$ 0.82	\$ 0.74
Greenville	\$ 1.29	\$ 1.01	\$ 0.86	\$ 0.80

As of 03/31/18

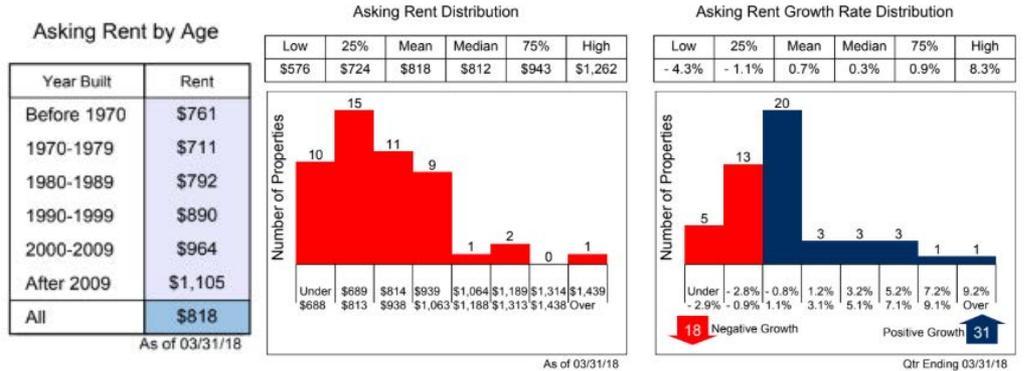
The market is made up of 49.5% 2 bedroom units, 31.5% 2 bedroom units, 17.3% 3 bedroom units and 1.4% studio units.

The average size of units and the asking rent by unit size is lower in the Spartanburg submarket compared to Greenville

Market Analysis: Greenville Spartanburg Multi-Family Rental Rates

Rental Rates

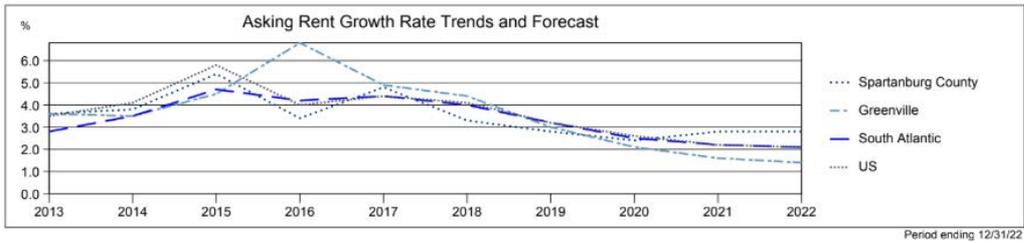
Age is a significant factor in the asking rent of a multifamily property with units built between 1970-1979 asking \$711 and those built after 2009 asking an average of \$1,105.



The average asking rent in the market is \$818 and 15 properties rent falls between \$689-\$813.

Rental growth rates have on average ranged between 4.2% and 4.8% for the last 5 years and but are forecasted to be a more reasonable 2.8% over the next 5 years.

	Asking Rent Growth						
	Quarterly			Annualized			
	1Q18	4Q17	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Spartanburg County	0.7%	1.2%	0.7%	4.8%	4.5%	4.2%	2.8%
Greenville	1.0%	1.9%	1.0%	4.9%	5.4%	4.6%	2.5%
South Atlantic	0.9%	0.5%	0.9%	4.4%	4.4%	3.9%	2.8%
United States	0.9%	0.6%	0.9%	4.4%	4.7%	4.4%	2.8%
Period Ending:	03/31/18	12/31/17	03/31/18	12/31/17	12/31/17	12/31/17	12/31/22



Market Analysis: Spartanburg Multi-Family Market Vacancy Rates

Vacancy Rates

While rental rates are higher in the newer properties they have been struggling to fill units with those properties built after 2009 posting a vacancy rate of 10.1%.

The average vacancy in the market is 6.4% while the median is considerably lower at 4.9%. A vast majority of properties have vacancy rates between 0 - 7.1%.

While vacancy in the Spartanburg submarket is currently higher than Greenville it is forecasted to come more inline over the next 5 years.

Section 3 - Current Submarket Vacancy Details

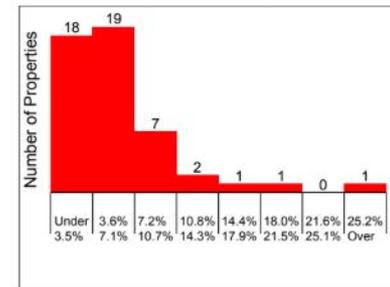
Vacancy Rate By Age

Year Built	Vac. Rate
Before 1970	6.5%
1970-1979	3.3%
1980-1989	5.9%
1990-1999	8.4%
2000-2009	6.7%
After 2009	10.1%
All	6.4%

As of 03/31/18

Vacancy Rate Distribution

Low	25%	Mean	Median	75%	High
2.2%	3.4%	6.4%	4.9%	7.1%	20.3%



As of 03/31/18

Section 4 - Vacancy Rate Comparisons

	Vacancy Rates						
	Quarterly			Annualized			
	1Q18	4Q17	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Spartanburg County	6.4%	6.2%	6.4%	6.4%	6.8%	6.6%	6.9%
Greenville	6.7%	6.3%	6.7%	5.8%	5.1%	5.0%	6.6%
South Atlantic	5.2%	5.0%	5.2%	4.8%	4.9%	5.0%	5.8%
United States	4.7%	4.6%	4.7%	4.4%	4.4%	4.4%	5.2%
Period Ending:	03/31/18	12/31/17	03/31/18	12/31/17	12/31/17	12/31/17	12/31/22

Market Analysis: Spartanburg Multi-Family Market Demand

Single family homes are the preferred type of rental housing in the market with nearly 44% of renter households living in single-family homes, whereas only 14% live in multifamily buildings.

During 2017, there were 370 multifamily units permitted, down from 650 units a year earlier.

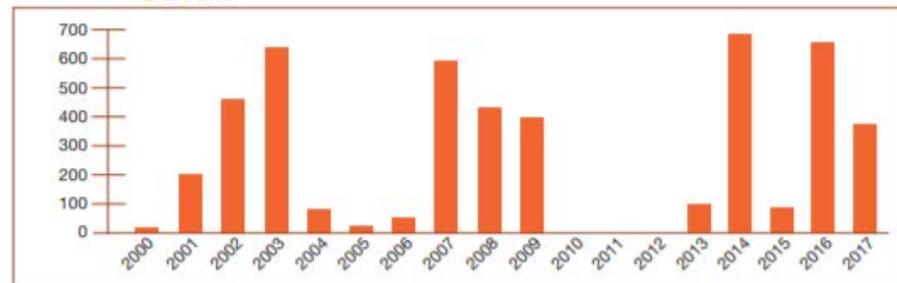
During the next 3 years, demand is expected for 2,200 market-rate rental units. The 520 units currently under construction will satisfy some of the demand in the first 2 years.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Spartanburg HMA During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand
850 or more	110	900 to 1,099	330	1,000 to 1,199	610	1,200 to 1,399	180
		1,100 or more	330	1,200 to 1,399	490	1,400 or more	45
				1,400 or more	120		
Total	110	Total	660	Total	1,225	Total	220

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 520 units currently under construction will likely satisfy some of the estimated demand. The forecast period is January 1, 2018, to January 1, 2021.

Figure 9. Multifamily Units Permitted in the Spartanburg HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through December 2017.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Market Analysis: Spartanburg Multi-Family Market Absorption

Completions have been increasing over the last 5 years from 2.5% of inventory to over 4% of inventory in the last few years.

Absorption has been keeping keeping pace with these completions. 344 units were completed in the last year and the market absorbed 367 units.

Given the large number of units coming to market in the next year absorption may struggle for a period of time causing a spike in vacancy.

Section 8 - Inventory Growth Comparisons

	Inventory Growth Rates						
	Quarterly			Annualized			
	1Q18	4Q17	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Spartanburg County	0.0%	1.2%	0.0%	4.0%	4.2%	2.5%	1.4%
Greenville	0.9%	4.2%	0.9%	6.9%	5.0%	3.9%	1.1%
South Atlantic	0.5%	0.7%	0.5%	2.8%	2.5%	2.4%	1.5%
United States	0.4%	0.6%	0.4%	2.1%	2.1%	1.9%	1.2%
Period Ending:	03/31/18	12/31/17	03/31/18	12/31/17	12/31/17	12/31/17	12/31/22

	Annualized								
	1 Year History			3 Year History			5 Year History		
	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio
Spartanburg County	344	367	0.9	346	359	1.0	207	188	1.1
Greenville	2,673	2,132	1.3	1,901	1,542	1.2	1,454	1,267	1.1
Average over period ending:	12/31/17	12/31/17	12/31/17	12/31/17	12/31/17	12/31/17	12/31/17	12/31/17	12/31/17



Market Analysis: Spartanburg Multi-Family Market Local Need

The multi-family market in the subject area has been relatively depressed over recent quarters, however the growth of white collar professionals moving back into the Downtown Spartanburg area may stimulate demand.

The subject site is only 1 mile from the heart of downtown, and is in close proximity to Spartanburg Regional Health Care and several universities. Given these drivers a development could provide mid-market price housing for employees of these institutions.

While rents in the downtown area have increases north of \$3/SF per month, the goals of this development would be to provide a lower cost option to those that want to be near to downtown, but cannot afford premium rents. The inclusion of dining and retail options as amenities to a multi-family development would help integrate the residents into the local community.



Market Analysis: Spartanburg Multi-Family Market Comps

The Brick Lofts

- Address: 246 E Blackstock Rd Spartanburg, SC 29301
- Year Built: 1915
- Renovated: 2017
- Number of Units: 43
- Total Building Size: 48,684 Sf
- Lot Size: 2.17 Acres



Unit Type	Baths	Rent	Square Footage
Studio	1	\$845	751-835
1 Bedroom	1	\$910-\$945	765-782
2 Bedroom	1	\$895-\$925	787-901

Market Analysis: Spartanburg Multi-Family Market Comps

Aug Smith Building

- Address: 74 E Main St, Spartanburg, SC 29306
- Year Built: 1901
- Renovated: 2018
- Number of Units: 45



Unit Type	Baths	Rent	Square Footage
1 Bedroom	1	\$950-\$975	597-620
1 Bedroom	1	\$1,223-\$1,273	490-538
1 Bedroom	1	\$1,350-\$1,400	525
2 Bedroom	1	\$1,350	688
2 Bedroom	2	\$1,450-\$1,650	868
2 Bedroom	2	\$2,200-\$2,250	831



Market Analysis: Spartanburg Multi-Family Market Comps

Drayton Mills Lofts

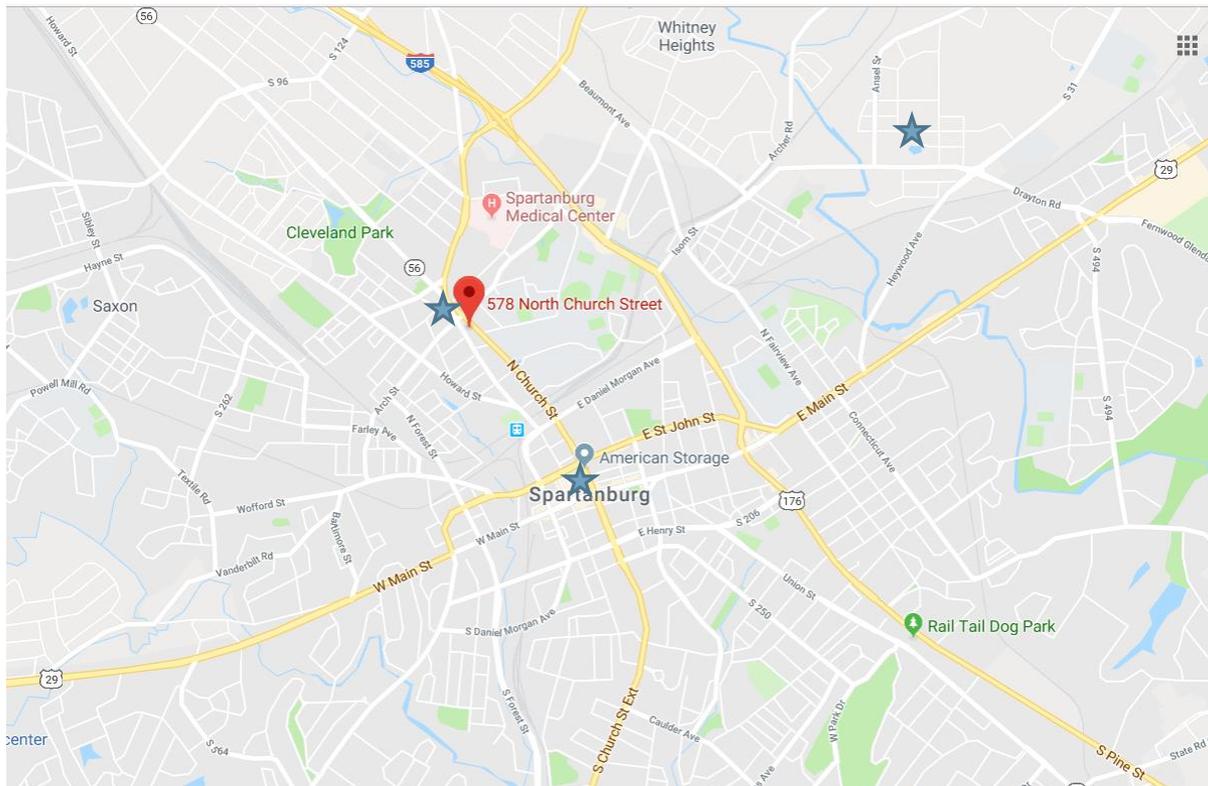
- Address: 1800 Drayton Rd, Spartanburg, SC 29307
- Year Built: 1919
- Renovated: 2016
- Number of Units: 289



Unit Type	Baths	Rent	Square Footage
1 Bedroom	1	\$1,050	784
1 Bedroom	1	\$959	835
2 Bedroom	2	\$1,223	1,121
2 Bedroom	2	\$1,353	1,267
2 Bedroom	2	\$1,686	1,565
3 Bedroom	2	\$1,866	1,835



Market Analysis: Spartanburg Multi-Family Comps Map



Market Analysis: Spartanburg Multi-Family Comps Analysis



These competitive properties were chosen because they have all been brought to the market in the last two years and are within a two mile radius of the subject site.

The Aug Smith building and The Brick Lofts are smaller offerings of less than 50 units as we anticipate our development to be while Drayton Mills Lofts is a much larger project with more amenities.

We believe that The Brick Lofts is our best comp as it occupies an adjacent lot and deals with the same conditions surrounding our proposed development.

While we believe these are our best comps all three are likely superior in terms of finishes and amenities compared to our proposed project. The Aug Smith building is in the heart of downtown and is a luxury offering, it could be argued that our location is superior to both the lofts but they also likely will be superior in finishing's and will likely charge a premium in rents as a result.

Market Analysis: Spartanburg For Sale Residential Market

For sale housing market conditions in Spartanburg-Union are balanced, with an estimated 2.0-percent vacancy rate, down from 2.8 percent in 2010. During 2017, 7,025 homes sold, an increase of 2 percent from 2016. The average home sales price during 2017 increased 4 percent from 2016 to \$143,300. During the forecast period, demand is expected for 4,125 new homes. The 900 homes under construction will satisfy some of this demand.

New homes accounted for nearly 15% of all homes sold during 2017, unchanged from the previous 2 years. Approximately 1,050 new homes were sold in 2017.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Spartanburg HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	149,999	560	15.0
150,000	199,999	1,300	35.0
200,000	249,999	930	25.0
250,000	299,999	560	15.0
300,000	and higher	370	10.0

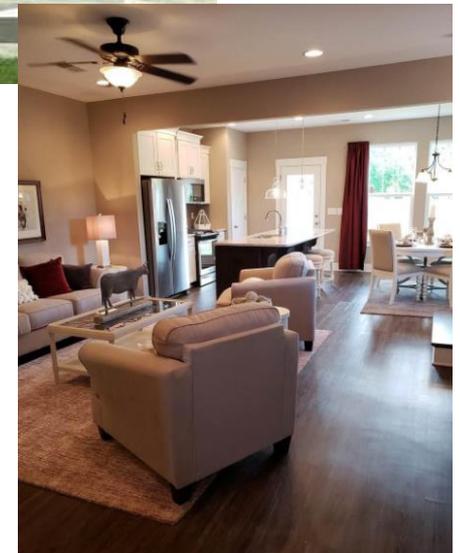
	Spartanburg HMA	
	Sales Units	Rental Units
Total demand	4,125	2,200
Under construction	900	520

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2018. Sales demand includes an estimated demand for 400 mobile homes. The forecast period is January 1, 2018, to January 1, 2021.

Market Analysis: Spartanburg For Sale Residential Comps

Camelot Townes

- Address: 213 Keaton Court, Spartanburg, SC 29301
- Year Built: 2018
- Bed/Baths 3/3
- Size : 1,600 SF
- Price: \$173,990



Market Analysis: Spartanburg For Sale Residential Comps

Camelot Townes

- Address: 201 Keaton Court, Spartanburg, SC 29301
- Year Built: 2018
- Bed/Baths 3/2.5
- Size : 1,600 SF
- Price: \$202,990



Market Analysis: Spartanburg For Sale Residential Comps

Library Commons

- Address: 155 E Broad St #215, Spartanburg, SC 29306
- Year Built: 2008
- Bed/Baths 2/2
- Size : 1,278 SF
- Price: \$309,000



Market Analysis: Spartanburg For Sale Residential Comps Analysis



These competitive properties were chosen because of their similarity to the product we hope to produce in terms of size, price and their proximity to the City of Spartanburg.

The units within Camelot Townes are inferior in terms of the number of floors and the level of exterior finishes we intend to include as a part of our project, but they are superior in size and the fact that they incorporate garages within the units.

The unit within Library Commons is superior in terms of locations and finishes but is inferior in terms of size and number of bedrooms and bathrooms .

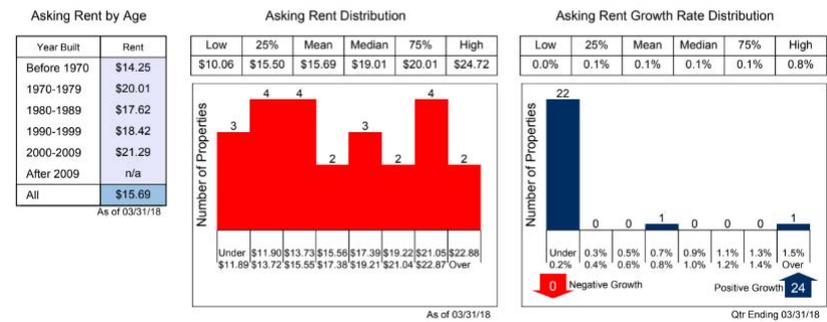
Market Analysis: Spartanburg Office Market Rental Rates

Age has an interesting impact on asking rent for office properties within the submarket. Those built before 1970 are understandably the cheapest but those built 1970-1979 are the second most expensive at \$20.01. This may be because some of the premium properties downtown were built during that period.

The average asking rent and the median asking rent are surprisingly far apart with the average at \$15.59 and the median at \$19.01.

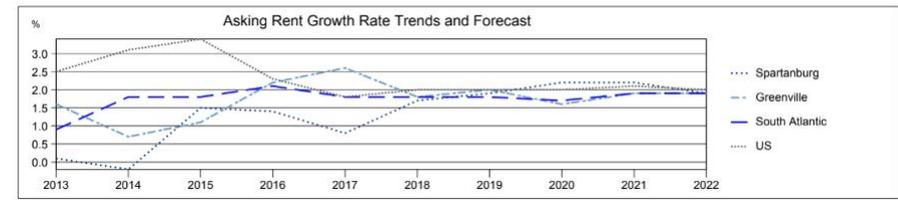
Rental growth in the office market has been largely stagnant at below 1% though it is forecasted to increase to 2% over the next 5 years.

Section 1 - Current Submarket Rent Details



Section 2 - Rent Growth Comparisons

	Asking Rent Growth						
	Quarterly			Annualized			
	1Q18	4Q17	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Spartanburg	0.1%	0.4%	0.1%	0.8%	1.2%	0.7%	2.0%
Greenville	0.4%	1.0%	0.4%	2.6%	2.0%	1.7%	1.8%
South Atlantic	0.6%	0.6%	0.6%	1.8%	1.9%	1.7%	1.8%
United States	0.8%	0.6%	0.8%	1.8%	2.5%	2.7%	2.0%
Period Ending:	03/31/18	12/31/17	03/31/18	12/31/17	12/31/17	12/31/17	12/31/22



Market Analysis: Spartanburg Office Market Rental Rates

Age has an dramatic impact on vacancy for office properties within the submarket. Those built before 1970 are a staggering 40.2% vacant. While those built in 1980-1989 suffer ever worse at 43.0%.

The average vacancy is skewed by these outliers to 26% but the median vacancy still is problematic at 17.9%.

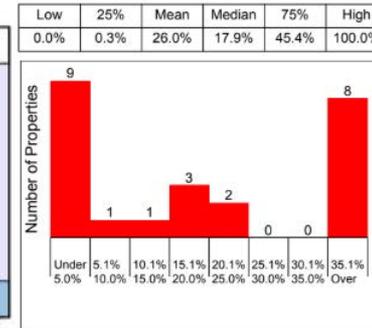
Looking forward does not present a much brighter outlook with the 5 year forecast for vacancy remaining over 24%.

Vacancy Rate By Age

Year Built	Vac. Rate
Before 1970	40.2%
1970-1979	17.9%
1980-1989	43.0%
1990-1999	12.6%
2000-2009	11.7%
After 2009	n/a
All	26.0%

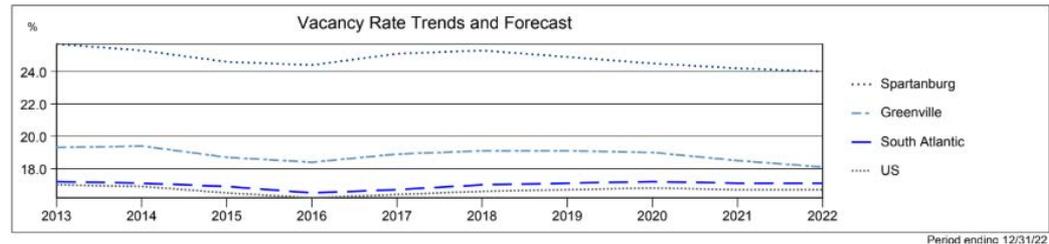
As of 03/31/18

Vacancy Rate Distribution



Section 4 - Vacancy Rate Comparisons

	Vacancy Rates						
	Quarterly			Annualized			
	1Q18	4Q17	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Spartanburg	26.0%	25.1%	26.0%	24.7%	24.8%	24.9%	24.6%
Greenville	19.1%	18.9%	19.1%	18.6%	18.8%	19.1%	18.8%
South Atlantic	16.9%	16.7%	16.9%	16.6%	16.8%	16.9%	17.1%
United States	16.5%	16.4%	16.5%	16.3%	16.5%	16.7%	16.7%
Period Ending:	03/31/18	12/31/17	03/31/18	12/31/17	12/31/17	12/31/17	12/31/22



Period ending 12/31/22

Market Analysis: Spartanburg Office Comps



100 Dunbar St, Spartanburg, SC 29306

- Year Built: 2003
- Total Building Size: 113,000 Sf
- Space for Lease: 4,732 Sf
- Rental Rate: \$19.00
- Lease Type: Gross
- Lease Term: Negotiable



320 E Main St, Spartanburg, SC 29302

- Year Built: 2009
- Total Building Size: 81,839 Sf
- Space for Lease: 2,960
- Rental Rate: \$20.00-\$24.00
- Lease Type: Gross
- Lease Term: 3-5 Years

Market Analysis: Spartanburg Office Comps



156 Magnolia St Spartanburg, SC 29306

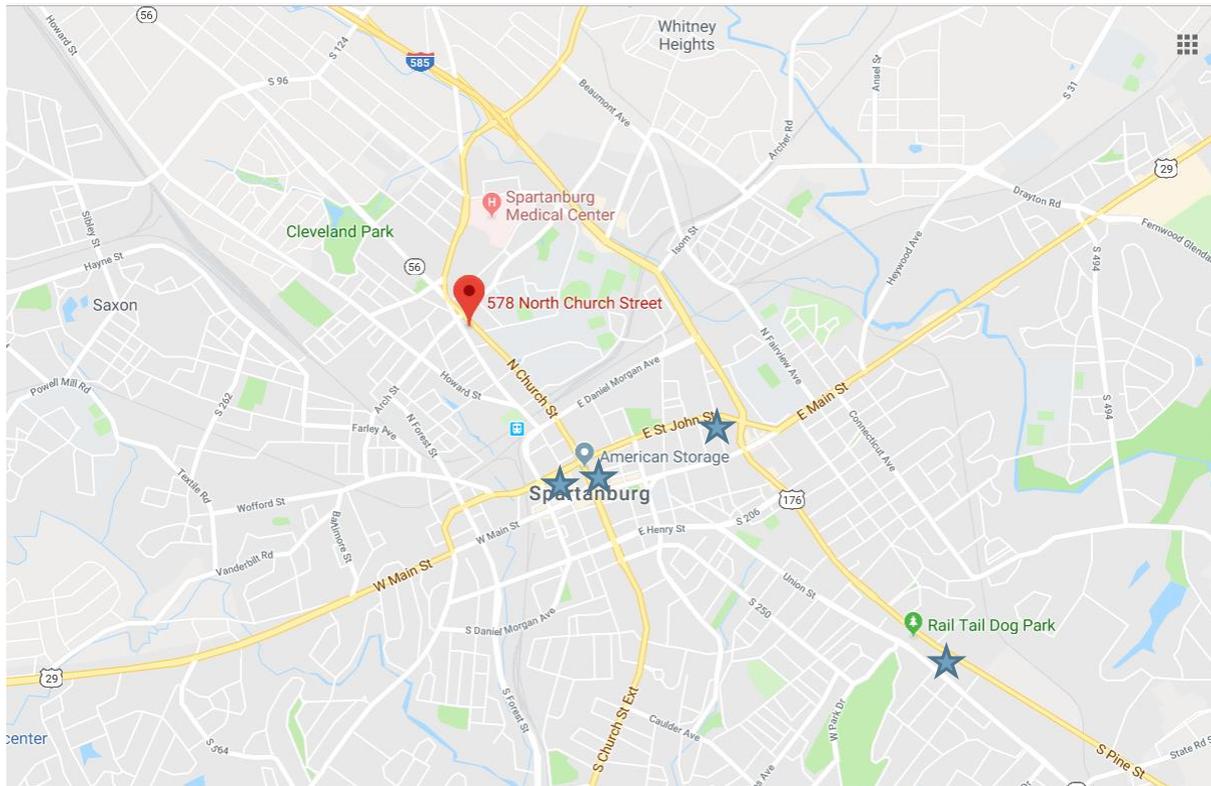
- Year Built: 1910
- Total Building Size: 7,698 Sf
- Space for Lease: 2,492 Sf
- Rental Rate: \$10-\$14.00
- Lease Type: Gross
- Lease Term: 2-5 Years



900 S Pine St Spartanburg, SC 29302

- Year Built: 1970
- Total Building Size: 20,000 Sf
- Space for Lease: 2,500
- Rental Rate: \$12.00
- Lease Type: Triple Net
- Lease Term: Negotiable

Market Analysis: Spartanburg Office Comps Map



Market Analysis: Spartanburg Office Comps Analysis



Though office is not an intended use in our development portions of the retail space could be used as office space for a variety of tenants.

These comparable properties were selected for one of two reasons, either they were among the newer office properties in Spartanburg or they feature office in conjunction with retail space.

Office space within our proposed development would likely be inferior to these offerings because of its location and the fact that it was not purpose built as offices.

We believe that if tenants demanded office space we could charge rents of \$14-\$16/Sf and remain competitive.

Case Studies

578 NORTH CHURCH STREET, SPARTANBURG SC

Case Studies: One Plaza & Richardson Garage

While the ONE plaza is larger than what we are proposing and has a much different lay out, the pedestrian traffic exiting the primary parking garage entrance is funneled through the plaza, activating the public space, which was dedicated back to the city for management.



Case Studies: TPUDC - H2O, Nashville, TN

H2O was a large master planned development planned in the west side of Nashville in 2008. Unfortunately, the project was a victim of the recession, but the master plan has some excellent planning and architectural concepts, including this urban mixed-use piece. The “main street” feel and different building types, which seemingly could be one building, combine the elements of Birkdale Village and the Concept Design into a singular concept.



Case Studies: TPUDC Concept

This is just a concept plan for an undisclosed development, but the “feel” of it is similar to what we want to achieve with our project. The buildings are set back farther from the street than ours will be, but the wide walkways, landscaping, and street parking provide for a pedestrian-friendly customer experience, activating the space along Church Street.



Case Studies: Butler Avenue Townhomes

In our proposed development, there will be street parking along Magnolia that will provide additional parking for the townhomes and overflow parking for the multi-family and retail uses. By fronting the townhomes on Magnolia, development will be promoted both across the street and down the block in an area that has been overlooked for decades. That townhomes will help support the retail on the site. The brick facade would be complementary to surrounding uses as well.



Development Proposal

578 NORTH CHURCH STREET, SPARTANBURG SC

Development Proposal: Site Plan



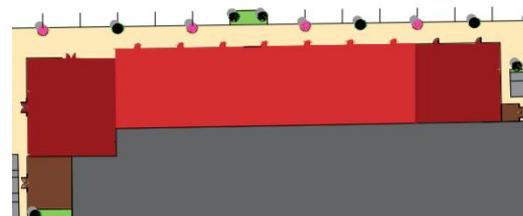
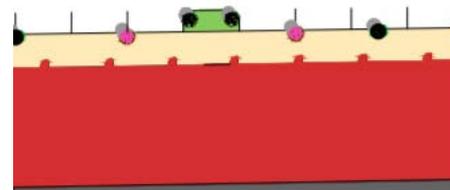
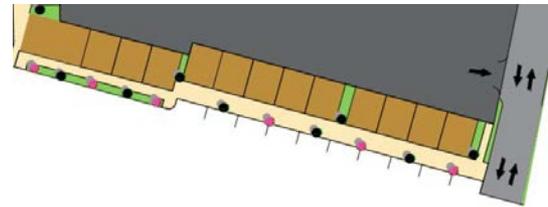
Development Proposal: Site Uses

Upon completion our Proposed development will incorporate the following elements

14 For Sale Townhomes: Each townhome will be 1,500 SF living space spread over 3 floors.

8,640 SF Retail Space: The retail space will be separated into 8 individual bays each totaling 1,080 SF with the potential for bays to be combined.

24 Apartment Units: Apartment units will occupy the second and third floor of the development. One and Two bedrooms will be offered ranging from 860-920 SF



Development Proposal: Site Uses

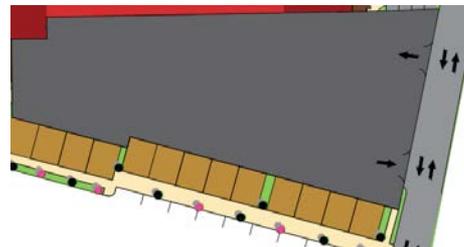
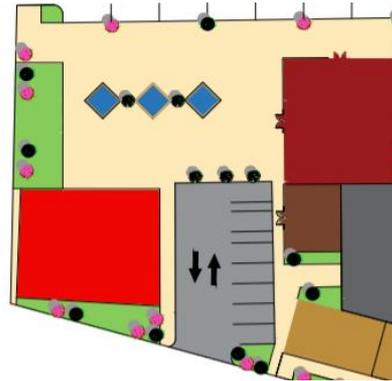
Upon completion our Proposed development will incorporate the following elements

4,910 SF Restaurant Space: Two different restaurant spaces will cap the retail spaces and occupy the corners

2,856 SF Renovated Fire House: The historic firehouse will be renovated to serve as gathering space and potentially a venue for food vendors

7,000 SF Plaza: The plaza space will serve as a gateway that will funnel potential customers into the site.

Parking Ramp: A single level of elevated parking will be necessary to meet the parking requirements of the intended uses.



Development Proposal: Design Inspiration – Multi-Family



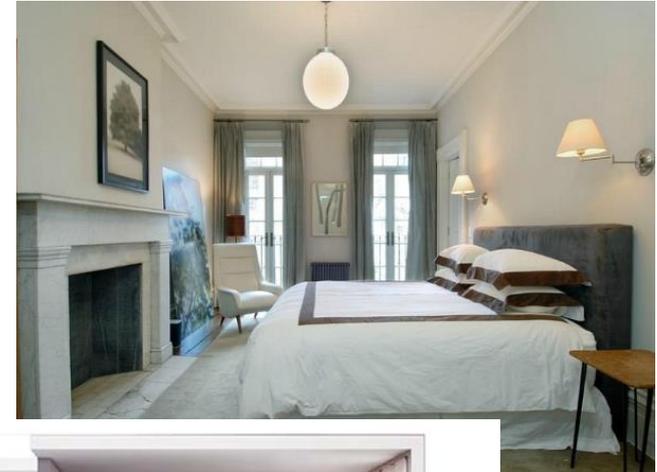
Development Proposal: Design Inspiration – Retail



Development Proposal: Design Inspiration – Townhomes



Development Proposal: Design Inspiration – Townhomes



Development Proposal: Design Inspiration – Plaza



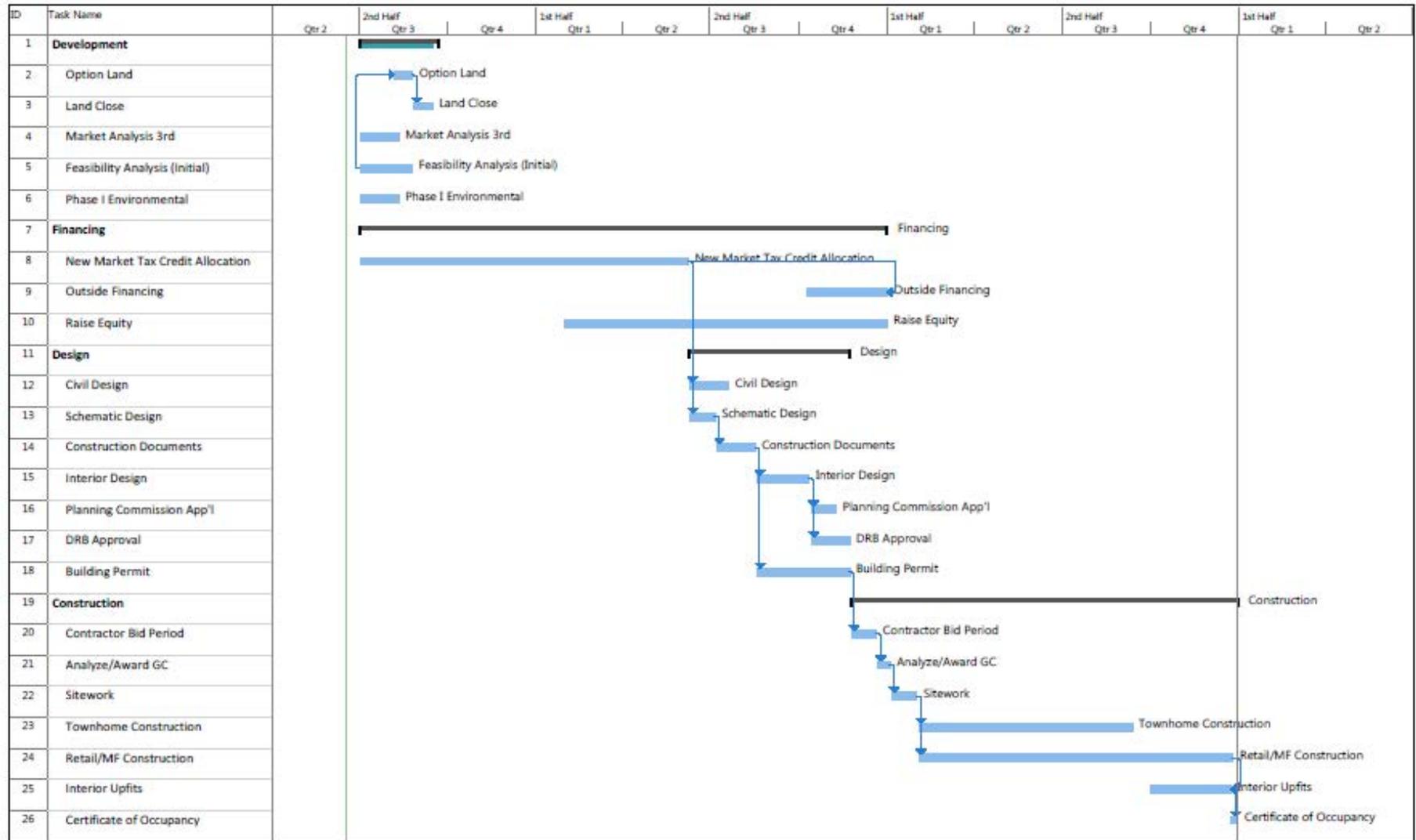
Development Proposal: Design Inspiration – Art & Landscaping



Development Proposal: Design Inspiration – Parking Deck



Development Proposal: Construction Schedule



Financial Analysis

578 NORTH CHURCH STREET, SPARTANBURG SC

Financial Analysis – Construction: Infrastructure Costs

Infrastructure Hard Costs				
Site Work	Unit Type	# Units	Unit Cost	Subtotal
Land Acquisition	Acre			\$ 460,000
Demo	SF	4092	\$ 8	\$ 32,736
Grading, Erosion Control, Storm Water Retention	Acre	2.2	\$ 45,000	\$ 99,000
Water Lines	Linear Foot	150	\$ 75	\$ 11,250
Sewer Lines	Linear Foot	150	\$ 75	\$ 11,250
Utilities (Power, Gas, Internet)	Linear Foot	100	\$ 50	\$ 5,000
				\$ 619,236
Street Improvements				
Streetscape Improvements (Trees, Signage, Lamps, St	Linear Foot	800	\$ 120	\$ 96,000
Sidewalk Improvements	Linear Foot	800	\$ 60	\$ 48,000
Intersection Improvements (Crosswalks, Signals, Signs	Intersection	1	\$ 20,000	\$ 20,000
On Street Parking Spaces	Space	29	\$ 2,000	\$ 58,000
Parking Deck	Space	60	\$ 15,000	\$ 900,000
Surface Parking Lot	Space	72	\$ 2,500	\$ 180,000
Parking Access		1	\$ 20,000	\$ 20,000
				\$ 1,322,000
Open Spaces				
Pedestrian Plaza	SF	7000	\$ 15	\$ 105,000
Open Space Landscaping	SF	7000	\$ 6	\$ 42,000
Open Space Seating	Unit	200	\$ 20	\$ 4,000
				\$ 151,000
			Total Infrastructure Costs	\$ 2,092,236

Financial Analysis – Construction: Structure Costs

Structure Hard Costs				
Retail Space	Unit Type	# Units	Unit Cost	Subtotal
Retail Shell	SF	8640	\$ 120	\$ 1,036,800
Retail Upfit (Tenant Improvement Allowance)	SF	8640	\$ 25	\$ 216,000
				\$ 1,252,800
Restaurant Space				
Restaurant Shell	SF	4910	\$ 120	\$ 589,200
Restaurant Upfit (Tenant Improvement Allowance)	SF	4910	\$ 80	\$ 392,800
				\$ 982,000
For Rent Residential				
Apartment Units	Unit	24	\$ 115,000	\$ 2,760,000
Apartment Units	SF	27490	\$ 100.45	\$ 2,761,371
				\$ 2,761,371
For Sale Residential				
Townhomes	Unit	14	\$ 145,000	\$ 2,030,000
Townhomes	SF	1500	\$ 120	\$ 180,000
				\$ 2,030,000
Misc Structure Costs				
Fire Station Renovation	SF	2856	\$ 15	\$ 42,840
Misc Structure Costs	SF	1200	\$ 5	\$ 6,000
				\$ 48,840
Total Structure Costs				\$ 7,075,011
Total Hard Costs				\$ 9,167,247

Financial Analysis – Construction: Soft Costs

Development Soft Costs			
Line Item		% Hard Cost	Subtotal
Hard Cost Contingency		4.00%	\$ 366,690
Environmental Contingency		0.15%	\$ 13,751
Architectural & Engineering Fees		5.00%	\$ 458,362
Environmental surveys, testing, and inspections		0.07%	\$ 6,417
Updated Survey/Plat		0.06%	\$ 5,500
Construction Loan Payments (1Yr)	\$ 169,778		\$ 169,778
Origination Fee	\$ 129,342		\$ 129,637
Entitlements & Permitting		0.37%	\$ 33,919
Insurance & Title Insurance		0.50%	\$ 45,836
Legal, Title, & Accounting		0.75%	\$ 68,754
Marketing Costs		0.15%	\$ 13,751
Leasing Com			\$ 3,745
Pre-Opening Expenses		0.50%	\$ 45,836
Development Fee/Overhead		2.00%	\$ 183,345
Soft Cost Contingency		0.50%	\$ 45,836
Total Development Soft Costs			\$ 1,591,159

Financial Analysis – Total Development Costs

Total Development Costs	
Infrastructure Hard Costs	\$ 2,092,236
Structure Hard Costs	\$ 7,075,011
Development Soft Costs	\$ 1,591,159
Total Development Costs	\$ 10,758,405

Townhome Costs	
Building Cost	\$ 2,030,000
Infrastructure Cost	\$ 298,085
Soft Costs	\$ 238,673.79
	\$ 2,566,759
Commercial Costs	
Building Cost	\$ 5,045,011
Infrastructure Cost	\$ 1,794,151
Soft Costs	\$ 1,352,485
	\$ 8,191,646

Tax Credit Fees Not Included

Financial Analysis – Sources

The Northside's equity contribution will be covered by the contribution of the existing owned property to the project.

Total Equity	2,024,189
JAM Properties, LLC	1,435,018
Northside Dev Group	589,171

Townhomes	2,566,759
Equity	641,690
20% JAM Properties, LLC	513,352
5% Northside Dev Group	128,338
Bank Loan	1,925,069
Construction Loan	1,925,069
Townhomes Development	
Building Cost	2,030,000
Infrastructure Cost	298,085
Soft Costs	238,674
Total	2,566,759

Commercial/MF	9,370,398
Equity	1,382,499
10% JAM Properties, LLC	921,666
5% Northside Dev Group	460,833
Debt	7,987,899
Loan A	5,040,416
Loan B (NMTC Equity)	2,947,483
Commercial/MF Development	
Building Cost	5,045,011
Infrastructure Cost	1,794,151
Soft Costs	1,352,485
Tax Credit Fees	1,025,016
Total	9,216,662

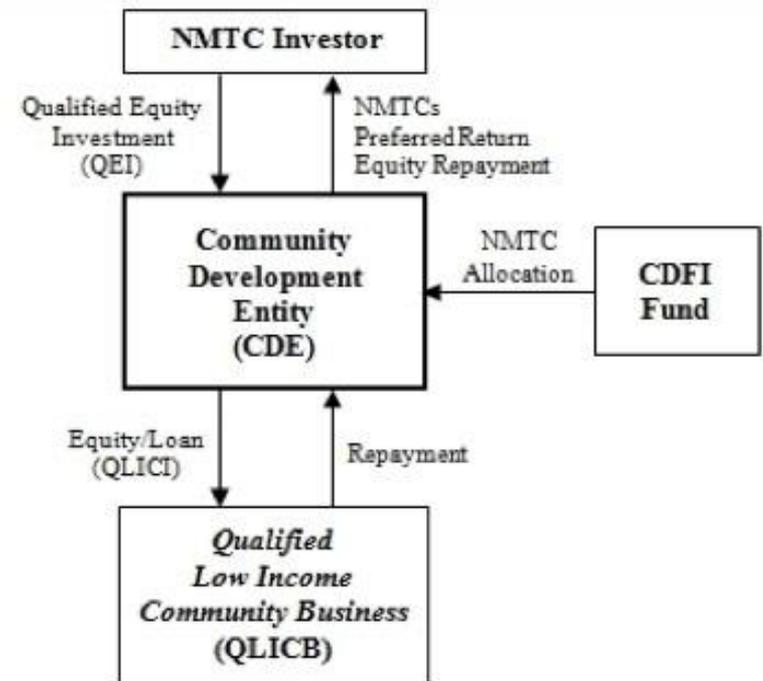
Debt	I/P
Townhome Construction Loan	
Principal	\$1,925,069
Term (Years)	3
Interest Rate	5.25%
Structure	1
Origination Fee	1.50%
LTV	75.00%
New Market Loan A	
Principal	\$5,040,416
Term (Years)	20
Interest Rate	5.25%
Structure	1
Origination Fee	0.00%
Loan B	
Principal	\$2,947,483
Term (Years)	7
Interest Rate	0.00%
Structure	1
Origination Fee	0.00%

Financial Analysis – New Market Tax Credits

Commercial Costs		
Building Cost		\$ 5,045,011
Infrastructure Cost		\$ 1,794,151
Soft Costs		\$ 1,352,485
		\$ 8,191,646
Equity Requirement	15%	\$ 1,228,747

Allocation		\$ 9,216,646
Credit @39%		\$ 3,594,492
Fees @~10%		\$ 825,016
Legal		\$ 200,000
Equity Created from Tax Credit Sale @\$.82		\$ 2,947,483

Loan A		\$ 5,040,416
Loan B		\$ 2,947,483



Financial Analysis – Rent Roll

Unit #s	Unit Type	Total SF	Avg Monthly Rent
12	One Bedroom	8,160	\$ 604.50
12	Two Bedroom	11,040	\$ 875.00
2	Restaurant	4,910	\$ 22.00
8	Retail	8,640	\$ 16.00
1	Fire Station	2,856	\$ 4.20

Our lease up assumptions were that we would manage to prelease half of our apartment units and would manage to lease up our remaining one bedroom units within 5 months of opening and the remaining two bedroom units within 6 months. These assumptions are based on the current market absorption for workforce level housing.

In terms of retail we believe that we would be able to prelease two retail bays prior to the start of or during construction and lease one additional bay every two months thereafter.

We would secure the two restaurant leases before going forward with the project and intend to have them up and running on day one.

The fire station is proposed to be leased on a per vendor basis and is not a major revenue generator for the project given the amount of retail being constructed. It is expected to be more of an amenity for the neighborhood than a primary generator.

Financial Analysis – Revenue, Expense, Net Operating Income

Valuation:

	Year	1	2	3	4	5	6	7
Revenue								
One Bedroom Rent		78,598	87,991	89,047	90,116	91,197	92,291	93,399
Two Bedroom Rent		112,000	127,344	128,872	130,419	131,984	133,567	135,170
Retail Rent		77,760	139,795	142,591	145,443	148,352	151,319	154,345
Restaurant Rent		108,020	110,180	112,384	114,632	116,924	119,263	121,648
Fire Station Rent		11,995	12,235	12,480	12,729	12,984	13,244	13,509
Expense Recoveries		57,117	58,259	59,424	60,613	61,825	63,062	64,323
Total Rent		445,490	535,805	544,799	553,951	563,266	572,746	582,394
Vacancy								
One Bedroom Rent		(3,930)	(612)	(624)	(636)	(649)	(662)	(675)
Two Bedroom Rent		(5,600)	(6,367)	(6,444)	(6,521)	(6,599)	(6,678)	(6,759)
Restaurant Vacancy		(5,401)	(5,509)	(5,619)	(5,732)	(5,846)	(5,963)	(6,082)
Retail Vacancy		(3,888)	(6,990)	(7,130)	(7,272)	(7,418)	(7,566)	(7,717)
Fire Station Rent		(600)	(612)	(624)	(636)	(649)	(662)	(675)
Total Vacancy		(19,419)	(20,089)	(20,440)	(20,798)	(21,161)	(21,532)	(21,909)
Revenue Total Revenue		426,071	515,716	524,358	533,154	542,105	551,214	560,485
Expense								
Operating Exp Apt		101,404	103,432	105,501	107,611	109,763	111,958	114,197
Retail/Restaurant Expense Allocation		57,117	58,259	59,424	60,613	61,825	63,062	64,323
Total Expenses		158,521	161,691	164,925	168,224	171,588	175,020	178,520
Net Operating Income		267,550	350,236	355,605	361,060	366,606	372,242	377,970
Capital Reserves		10,480	10,690	10,903	11,121	11,344	11,571	11,802
Operating Cash Flow Befor	(2,566,759)	257,070	339,547	344,701	349,939	355,262	360,671	366,168

Financial Analysis – Waterfall

	Year	0	1	2	3	4	5	6	7
Operating FCF			\$ 85,682.93	\$ 189,049.68	\$ 194,204.07	\$ 199,441.91	\$ 204,764.63	\$ 210,173.69	\$ 215,670.58
Capital Available for Distribution			\$ 277,140.21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,274,062.70
Current Capital Balance									
JAM Properties, LLC		\$ 1,435,018	\$ 1,435,018.07	\$ 1,274,307.67	\$ 1,274,307.67	\$ 1,274,307.67	\$ 1,274,307.67	\$ 1,274,307.67	\$ (1,344,942.50)
Northside Dev Group		\$ 589,171	\$ 589,171.08	\$ 548,993.48	\$ 548,993.48	\$ 548,993.48	\$ 548,993.48	\$ 548,993.48	\$ (105,819.07)
Tier 1: Preferred Returns									
JAM Properties, LLC	8%		\$ 114,801.45	\$ 101,944.61	\$ 101,944.61	\$ 101,944.61	\$ 101,944.61	\$ 101,944.61	\$ -
Northside Dev Group	8%		\$ 47,133.69	\$ 43,919.48	\$ 43,919.48	\$ 43,919.48	\$ 43,919.48	\$ 43,919.48	\$ -
			\$ 161,935.13	\$ 145,864.09	\$ 145,864.09	\$ 145,864.09	\$ 145,864.09	\$ 145,864.09	\$ -
Tier 2									
JAM Properties, LLC	80%		\$ (61,001.76)	\$ 34,548.47	\$ 38,671.99	\$ 42,862.26	\$ 47,120.43	\$ 51,447.68	\$ 172,536.47
Northside Dev Group	20%		\$ (15,250.44)	\$ 8,637.12	\$ 9,668.00	\$ 10,715.56	\$ 11,780.11	\$ 12,861.92	\$ 43,134.12
			\$ (76,252.20)	\$ 43,185.59	\$ 48,339.98	\$ 53,577.82	\$ 58,900.54	\$ 64,309.60	\$ 215,670.58
Capital Event Distributions (after covering PREF)									
JAM Properties, LLC	80%		\$ 160,710.41	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,619,250.16
Northside Dev Group	20%		\$ 40,177.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 654,812.54
Total BTCF Cash flow									
JAM Properties, LLC		\$ (1,435,018.07)	\$ 275,511.85	\$ 136,493.09	\$ 140,616.60	\$ 144,806.87	\$ 149,065.05	\$ 153,392.30	\$ 2,791,786.63
Northside Dev Group		\$ (589,171.08)	\$ 87,311.29	\$ 52,556.60	\$ 53,587.47	\$ 54,635.04	\$ 55,699.59	\$ 56,781.40	\$ 697,946.66
Total BTCF Cash flow			\$ 362,823.14	\$ 189,049.68	\$ 194,204.07	\$ 199,441.91	\$ 204,764.63	\$ 210,173.69	\$ 3,489,733.29

Financial Analysis – Returns

Overall Project Returns

PV Operating	978,403	30.67%
PV Reversion	2,211,259	69.33%
Total Present Value	3,189,661	100.00%
CF₀	(2,024,189)	
Net Present Value	1,165,472	
IRR	14.67%	

An overall project IRR of 14.67% is desirable to most investment teams and should attract reputable partners to the proposed development.

Partner Returns

IRR		
JAM Properties, LLC		18.86%
Northside		11.25%
Sum Nominal Cash		
JAM Properties, LLC	\$ 3,791,672.38	
Northside	\$ 1,058,518.04	

Total cash flows for a hold throughout the 7 year NMTC period yield an almost 200% payback for the Northside Development Group of the land basis/sunk cost.

Potential Incentives Not Pursued

Historic Tax Credits

The fire station rehabilitation will be eligible for historic tax credits since it was placed into service prior to 1926. We decided against pursuing historic tax credits on this site due to the lack of windows in the fire station that affects its marketability. We do want to preserve the building, but adding roll-up doors and windows creates more value than the tax credits based on the tenants/vendors we expect to use the space.

Affordable Housing (LIHTC)

All sites technically qualify for affordable tax credits, but we may be able to get special consideration and extra points for this site based on the connections that the stakeholders have and the fact that it is technically a public-private partnership deal. Based on the market report and need that stakeholders expressed for employee housing, we felt there was a good opportunity for workforce housing instead, but if market influences change prior to development, LIHTC may be an opportunity as well.

Financial Analysis – Summary

We believe that based on the returns and cash flows associated with this proposed development, the project is financially feasible and a worthwhile investment. This project is intended to act as a catalyst for additional development in the neighborhood, and, as the neighborhood grows, it will attract more investors with even higher returns and spur a revitalization of the area.

Due to the anticipated growth of the neighborhood, future projects will have a lower risk factor for investors, and the Northside Development Group can require a higher return on their equity as well.